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NEWS SUMMARY

London terror attack kills 2

Two people were killed—an air stewardess and a man believed to be an Arab terrorist—when gunmen ambushed an El Al crew bus outside London's Europa Hotel in Mayfair yesterday. Terrorists threw grenades and fired automatic weapons at the bus as it arrived at the hotel with its police escort. Nine people, mostly passengers, were also injured. Six of them were last night seriously ill in the Middlesex Hospital. The gunmen opened fire as the airline crew, who normally use the Europa between flights, were leaving the bus, hitting the stewardess in the head. The driver of a nearby taxi was blown from his cab. Shots peppered the bus and a nearby pub, the Barley Mow, where lunchtime drinkers threw themselves on the floor to escape stray bullets.

GENERAL Nihilists 'started Iran fire'

Prime Minister of Iran Mr. Jamsil Amouzegar blamed saboteurs and nihilists for Saturday's firebomb attack on an Ahvaz cinema, which killed 377 people. The attack was by far the worst incident in the series of violent demonstrations which have occurred over the last five months against the Shah and his government. It presents the greatest challenge yet to the authority of the Shah and his determination to press on with elections. Page 2

Submarine towed

A crippled Soviet missile-carrying submarine was towed round the north coast of Scotland by a Russian tug, with an escort of Soviet vessels.

Thatcher visits

Tory leader Mrs. Margaret Thatcher launches the Conservative run-up campaign to the expected October election with visits to two Labour marginal seats in Kent today. Back Page

Begin warns U.S.

Israeli Premier Menachem Begin has warned the U.S. not to present its own proposals for Middle East peace at next month's Camp David summit. Page 2

Karpov leads

Challenger Viktor Korchnoi resigned two months ago in an hour in the World Chess Championships in the Philippines, giving champion Anatoly Karpov a lead of three to one in the race for six wins.

IRA theory

The Rhine Army has said that the IRA was probably responsible for the bombs planted at British buses in West Germany on Friday which caused massive structural damage, but no serious injuries.

Defence plans

Britain's plans for civil defence against nuclear attack are described by two Tory MPs as "an ill-conceived sham" in a Conservative Political Centre booklet just published. Page 3

Briefly...

Protection of Children Act aimed at curbing child pornography, has come into force. Winner of the weekly £50,000 Premium Bond Prize lives in Stockport. The winning number was 958 12608. At least 10 people died when huge waves sank a motor launch off Manila in the Philippines.

BUSINESS BL toolroom strike sparks union anger

EMPLOYEES at BL's SU Fuel Systems components factory in Birmingham will this morning be asked by union officials to try to keep production going, in spite of an unofficial strike by 52 toolroom workers. The strikers are seeking parity with other BL toolroom workers in Birmingham, and regard their three-week-old strike as part of a campaign to achieve separate bargaining arrangements for BL toolroom men. The strike has provoked a confrontation with AUEW leaders and resulted in the the factory's management issuing an instruction to attend a meeting at the weekend.

1,000 MORE workers at BL's Llanelli radiator plant have been sent home because of unofficial action by 100 key production workers. This brings the number of lay-offs to 1,350 since the stoppage started last Wednesday, and could result in complete closure by mid-week. Back Page

GRECE's economic growth is expected to accelerate to around 4.5 per cent in 1978, 1 per cent higher than last year, according to the latest OECD annual economic survey. The survey warns, however, that Greek exports and manufacturing investment would remain weak, and the country's inflation could get worse. Back Page

MORE than half the people questioned in the latest Financial Times survey of consumer confidence expect to receive pay rises over the Government's 5 per cent target next year. Page 5

FRENCH Government is considering a cut in petrol prices as a result of the dollar's recent sharp fall on foreign exchanges. The cut—likely to be a few centimes per litre—could follow a Cabinet decision later this week. Page 2

VALUE of funds invested through British unit trusts reached their highest level at the end of July, at £3,940m, thanks to rises in share prices in London and New York. New shares have been issued, but their normal seasonal decline to £41,54m against £49,58m in June. Page 3

ITALY'S balance of payments was about \$600m in surplus last month, according to provisional Bank of Italy figures. In the first seven months of 1978 the current account surplus reached L.3,422m against a L.750m deficit in the same period last year. Page 2

PROPOSALS that the National Enterprise Board should be told to open its books to Parliamentary scrutiny are expected in a report from the Commons Public Accounts Committee. Back Page

BRITISH wine producers have obtained official approval for their own Appellation Contrôlée-style trade mark, thus bypassing lengthy EEC regulations governing quality and status. Page 2

EEC steel groups seek solution to financial losses

BY ROY HODSON

Europe's leading iron and steel companies are looking urgently for ways to check their mounting financial losses. An initiative will be proposed at tomorrow's meeting in Brussels of Eurofer, the "club" of the European steel companies.

The prospect of a worsening in the steel slump in the remaining months of this year is expected to dominate discussion and executives will be equipped with grim market forecasts.

The combined EEC iron and steel industry expects to lose at least £2bn this year by keeping open unused and under-used plant capable of making almost 30m tonnes of steel a year.

That bill—the price of over-ambitious expansion plans and continuing reluctance to shut older works—will be added to current trading losses in iron and steel.

The British Steel Corporation is losing about £25 on every tonne of steel sold. Indications are that it will end 1978-79 with a deficit of about £400m, compared with a deficit of £433m in 1977-78.

The corporation's loss per tonne is, however, smaller than some of the losses being incurred by other European producers, notably companies in France and Italy.

Tomorrow's meeting will be the first of a series to find a way for European steelmakers to act in concert to cut losses on steel sales, restore a greater measure of discipline to the EEC market, and salvage those portions which are still workable of the Davignon Plan designed to protect the industry during recession.

The one-year-old plan was pioneered by Viscoy Etienne Corporation, by and large, observed the rules by only rolling to order.

Eurofer also has to find a way of policing steel trading more closely and effectively in collaboration with the Commission. It is expected to consider a scheme to monitor all steel sales and movements by a computer-based data processing system which would enable Brussels to spot transgressions of the Davignon rules within days.

Under the present system of documentation, flagrant violations have gone unnoticed for more than a year.

A computer scheme will be costly—an investment of several million pounds spread throughout the steelmakers of the Nine. The British steel industry's share would be upwards of £1m.

Linked with the proposal for closer policing of European steel trading is a move within Eurofer to strengthen the secretariat of the organisation. The current president, M. Jacques Ferry, who is also president of the French Iron and Steel Federation, should be backed by Eurofer by a strong team of full-time experts, some steel companies think.

Limits

The majority of Eurofer member companies have broken the Davignon Plan rules to a greater or lesser extent in recent months.

On average, the EEC steel industry has been producing steel at a rate 7 per cent higher than the limits which were imposed under the plan to stabilise the market.

Eurofer now has to tackle three problems quickly. It must persuade its members to be more disciplined about production levels.

Some Continental companies

Consumer demand starting to boost industry—CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FIRST signs that the recent increases in consumer demand are having an impact on the level of activity in manufacturing companies are now being reported by industrialists.

This emerges from the Confederation of British Industry's monthly industrial trends survey which, however, tempers any over-optimism by adding that export order books have deteriorated rapidly recently, probably because of the rise in the value of sterling.

In addition, companies in the intermediate goods sector—those operating midway between the producers of raw materials and finished goods—also have weak order books.

On wages, reports from the Confederation pay data bank show that Phase Three of the Government's pay policy has led to a widespread acceptance of the 10 per cent pay limits, even though Government statistics indicate that total national earnings increase will be about 14.5 per cent.

The new Phase Four 5 per cent limits are now being negotiated by companies.

The overall picture from the monthly industrial trends survey confirms the more detailed findings of the Confederation's main quarterly survey conducted early in July and published three weeks ago.

Industrialists in manufacturing were then forecasting only a patchy recovery in activity until the end of the year. Since then, Government statistics have shown that, while consumer spending has reached the peak levels achieved in 1974, there has been a much sharper increase in industrial production.

Today's Confederation monthly trends report is based on a survey of more than 2,000 companies between August 1-16.

It shows that, while total order books remain below normal for nearly 40 per cent of the companies covered, there is some indication of recent improvement in demand.

Companies in the intermediate goods sector, such as metal manufacturing, coal and petroleum products and other component manufacturers, said that they had weak order books.

Export order books, especially

Foreign intervention unlikely in moves to strengthen dollar

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE U.S. Administration is likely to be alone for the time being in its efforts to strengthen the dollar. No new international initiatives are expected.

Senior financial officials outside the U.S. continue to believe that any sustained revival in the U.S. currency depends on action initiated in Washington rather than in other countries.

Consequently, while President Carter's statement of concern about the dollar has generally been welcomed in other western capitals, there are no signs of related new measures elsewhere. Existing holiday plans are not being disturbed and there does not appear to be any intention of repeating the Versailles meet-

ing of finance ministers which was arranged secretly earlier this year.

The first scheduled meeting of senior financial officials, rather than ministers, in Paris on September 7 and 8 under the auspices of the Group of 10.

This is to discuss world and international monetary Fund liquidity before the annual meeting in late September. It is increasingly likely that the problems of the dollar will also be discussed then but officials were saying last week that any expectations that these talks would produce anything substantial were likely to be misplaced.

The next of the regular

discussions of central bankers will be on September 11 and 12 in Basel.

These plans, and the non-interventionist strategy, could, of course, change if there is a resumption of the daily sharp declines in the dollar seen early this month.

Foreign exchange dealers will be watching closely today to see if the U.S. Government's promise of a series of measures—started on Friday with a rise in short-term interest rates—succeeds in calming the markets.

Last week, the dollar fluctuated in a range of about 6 per cent against the Swiss franc and

Record number of UK ships idle

By Ian Hargreaves, Shipping Correspondent

THIRTEEN PER CENT of the UK's merchant fleet has now been made idle by the world shipping recession, the most serious situation to confront the industry.

According to the General Council of British Shipping's monthly lay-up figures published today 6.3m deadweight tons of ships were out of service through lack of employment at the end of June. This is the highest figure recorded in Britain and is substantially worse than the previous record of 5.7m dwt in March, 1976.

The UK's position is now much worse than the world average, having deteriorated rapidly in the past few months.

According to the council's figures, based on reports from Lloyd's of London Press 57m dwt of ships were laid up throughout the world at the end of June, thus the UK figure represents 9 per cent of the world total.

British owners were laying up ships in locks and estuaries at a remarkably rapid rate during June. Between the end of May and the end of June, six extra dry cargo ships and four extra tankers joined the idle pool, swelling the total by 1m dwt and the proportion by 2 per cent.

Collapse

Of the 6.3m dwt out of use at the end of June, 27 ships totalling 2.3m dwt were dry bulk vessels and 27 totalling 4m dwt were oil tankers.

The UK's 13 per cent, however, is still much better than the 20 per cent of Norway and the 35 per cent of Sweden, where the collapse of the tanker market in 1974 produced rapid surpluses.

It has always been thought that the UK, with its predominantly liner trades—ships serving regular routes with a high proportion of long-term contracts—would survive the shipping recession much more comfortably than fleets relying heavily on bulk ships, such as tankers.

It is mainly pressure on UK bulk-ship owners which has swollen the lay-up figures, but because of the much higher average size of such vessels, it has a disproportionate effect on the lay-up statistics.

At the end of June, 54 ships accounted for the 13 per cent of the idle fleet whereas the total fleet number, almost 2,000 ships.

Nonetheless, there is increasing alarm among UK shipowners about the ravages being caused to their industry by the recession. Apart from forcing owners to costly lay-ups of their ships, there has also been an unprecedented sale of tonnage by owners.

Continued on Back Page

RHODESIA ALL-PARTY CONFERENCE

Owen expects meeting in September

BY OUR FOREIGN STAFF

DR. DAVID OWEN, the British Foreign Secretary, said today that he wanted and expected an all-party conference on Rhodesia to take place by early September.

His statement, in a BBC radio interview, came as moves to convene such a conference were being discussed between the internal Rhodesian Government, including Mr. Ian Smith, and the external Patriotic Front guerrilla forces, gathered in Africa.

Brigadier Joseph Garba, the former Nigerian Foreign Minister, arrived in the Zambian capital of Lusaka, arousing speculation that Nigeria is throwing its weight behind the Western plan.

However, in Salisbury, Mr. Ian Smith, the Prime Minister, further qualified his conditions for attending all-party talks by refusing to consider any demands to dismantle the existing security forces.

Warning

Dr. Owen's statement was the most optimistic yet from a British spokesman. He said he wanted the conference "as soon as it can be".

Although he had wanted it to take place before the end of the month "it may now well go into September, but I hope not too long now. I think it will happen."

Our Salisbury Correspondent writes: Mr. Smith warned that the bi-racial transitional government saw no point in attending talks if guerrilla leaders demanded that Rhodesia's white-lead security forces be "completely dismantled".

In a national radio and television broadcast clearly aimed at allaying anxiety among the white minority, Mr. Smith renewed his appeals to whites to wait "just a few more months" before deciding whether they had any future in the country.

But he emphasised that the crucial issue on which the 1976 Geneva Conference collapsed—who would form and control the country's security forces under black rule—remained as ever, the major stumbling block from Salisbury's viewpoint.

In Lusaka at the weekend, Mr. Robert Mugabe, joint leader of the Patriotic Front, declared that the guerrilla forces must control the country's security forces during the interim period before black rule.

Referring to Mr. Mugabe's demand, Mr. Smith said: "One of the people who will be coming to the conference has again reiterated his stand that Rhodesia's security forces should be completely dismantled."

"I think it would be dangerous for us even to attend a conference with people who are going to put a forward that kind of demand. I can think of few things that would do more harm to us and our future than to House later."

tamper with the security forces." Declaring that he and his three black colleagues—Bishop Abel Muzorewa, the Rev. Jeremiah Chirau—held similar views about a new conference, Mr. Smith added: "If we are satisfied that going to a conference is going to help us, we are prepared to go. But I think there is some more groundwork to be covered before we can come to that conclusion."

Turning to the internal settlement under which one-man, one-vote elections are scheduled to choose a black government by December 31, Mr. Smith underlined the uncertainty of the deal, with little sign of a ceasefire in the six-year-old bush war.

Mr. Smith said merely that provided there was better progress towards a ceasefire "I believe there is still a chance we can comply with the programme."

In an emotional plea to whites not to flee, Mr. Smith said: "I hope that, in the end, we will find ourselves in a situation where we don't have to leave Rhodesia, that we will have... a way of life under majority rule which will mean it will be worth while for us to stay living, that we will be able to live under conditions of the maintenance of law and order and decent standards of civilisation."

Involved

Michael Holman adds from Lusaka: The Patriotic Front leaders, Mr. Joshua Nkomo and Mr. Mugabe yesterday concluded their talks here, disclosing little of what was discussed, amid signs that the Nigerian Government is closely involved in the Rhodesian settlement negotiations.

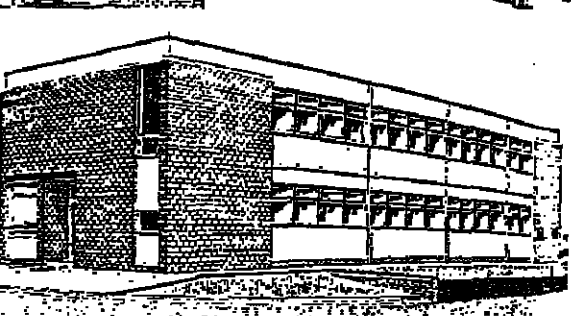
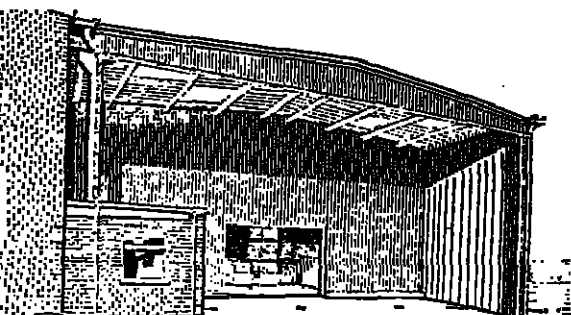
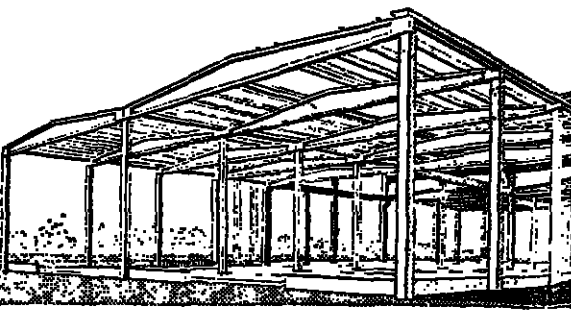
Speaking at an airport press conference shortly before returning to the Mozambique capital of Maputo, Mr. Mugabe said that the Front was prepared to attend a round-table conference and was awaiting information on venue and date from the British Government.

But he repeated the now-familiar Front demand that their forces should be in charge during the interim period before majority rule, giving no sign that the Front negotiating stance has softened.

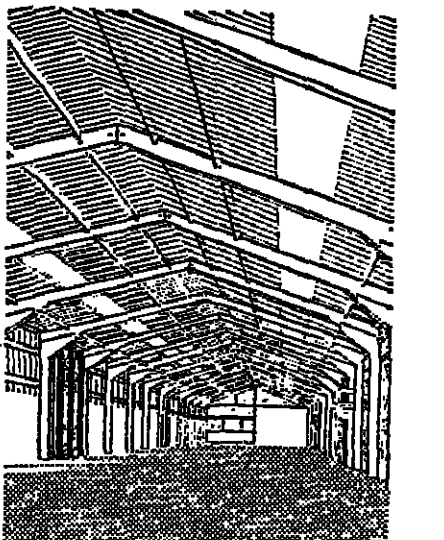
Mr. Mugabe, who flew to Nigeria after the first round of talks on Friday morning with Mr. Nkomo and President Kenneth Kaunda, said he had gone to brief Nigerian leader General Olusegun Obasanjo, and had discussed the possibility of increased Nigerian assistance to the guerrilla movement.

It was learned that Brigadier Joseph Garba accompanied Mr. Mugabe on the flight to Lusaka and held talks with officials at State House later.

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OVERSEAS NEWS

Firebomb attack kills 377 in Iran

BY ANTHONY McDermott

THREE HUNDRED and seventy-seven people died on Saturday night as a result of a concerted firebomb attack against a cinema in the important oil city of Abadan, 600 miles south of here near the Iraqi border.

It was by far the worst incident to have occurred in the series of demonstrations and acts of violence in protest at the Shah and his government which have taken place in the major urban centres over the last nine months.

Mr. Jamsid Amouzegar, the Prime Minister, today described the fire as a "national tragedy" and blamed "saboteurs and nihilists". There were reports of angry crowds gathering in several cities to condemn the anti-government violence.

It is now two years since the Shah launched a "liberalisation" campaign, as part of which he announced two weeks ago that free elections would be held next July. However, just one week ago, following religiously-

orientated riots in Isfahan, martial law was declared—for the first time in 25 years. The Majlis (Parliament) today approved the imposing of martial law after a stormy debate in which seven members voted against the Government.

The tragedy in Abadan is clearly the greatest challenge yet to the authority of the Shah and his oft-proclaimed determination to press on with elections, short of civil war breaking out. The dilemma now facing the Shah is clear cut. The evening news paper here gave graphic eye-witness accounts of the horror. This undoubtedly increases the pressure on the Government. On the one hand, if the Shah takes no action (and after riots in Tabriz and Qom he effectively promised that the perpetrators would be brought to justice) it will be taken as a sign of weakness, both by his loyal subjects and the opposition. However, if he takes stern action (as he did in Isfahan) he may ultimately

and himself forced into suspending his "liberalisation" programme. By doing so he would be fulfilling the prejudices of his opposition who maintain that he was not serious about the experiment in the first place.

Some 700 people bought tickets to the Rex cinema in Abadan which was showing a film in Persian. The attack was carefully organised to block off the exits. The evening paper Ettela'at today estimated that the number of injured might reach 200. The identity of the attackers has been the source of much speculation, ranging from religious conservatives to the Left-wing. For the former, cinemas have been frequent targets of attacks—as symbols of Western decadence. Early this morning two people were reported to have been injured as a result of an attack on a cinema in Shiraz which gutted the building. Two days ago, three people died in an attack on a cinema in Mashhad in north eastern Iran.

In the bout of violence which led to martial law being imposed on Isfahan two indicative trends were discernible and apply elsewhere in Iran. The broadly religious protest reflects the strains of a society developing swiftly and materially under the impact of oil wealth. Second, there were attacks (often hit-and-run raids) against a restaurant frequented by Americans and the famous and ostentatious Shah Abbas hotel) behind which could be made out the work of Left-wing groups.

Both the Conservatives and the Left are opposed to the Shah, but the latter has shown itself to be more sophisticated in its attacks. It is reasonable to suppose that the apparently contradictory phrase often used by the Shah to describe the opposition (Islamic-Marxist) reflects the fact that the Left—as could be the case in Abadan—may be using the religious Conservatives as cover for its activities.

TEHRAN, August 20.

Begin warns against U.S. plans

BY OUR OWN CORRESPONDENT

MR. MENAHEM BEGIN, the Israeli Prime Minister, has warned the U.S. against presenting its own proposals for Middle East peace at next month's summit talks to be held at Camp David near Washington.

In an interview with the East Jerusalem Arabic daily al-Anba, published today, Mr. Begin said: "I warn against the submission of a plan by the U.S., since it is not a party to the conflict, which should be resolved only by the involved parties."

His warning came as the Israeli Cabinet met for the first of its sessions to discuss the stand to be taken when President Sadat, Mr. Begin and President Jimmy Carter meet at Camp David.

Following the meeting, Mr. Begin told reporters that he would take to Camp David a concrete new idea for establishing a partial but permanent peace agreement. But he declined to disclose any details.

According to a well-informed political commentator appearing on Israeli TV last night, Mr. Begin might agree to return the northern Sinai township of el-Arish to Egypt before a peace treaty, or even a partial agreement, is signed.

This concession—demanded by President Sadat as proof of Israeli goodwill—would be in return for Egypt's agreeing to the continued presence of Israeli settlements in the area of Sinai adjacent to the Gaza Strip, and the passage of Israeli ships through the Suez Canal.

JERUSALEM, August 20.

Ceausescu plays down Hua visit

By Paul Lendvai

BUCHAREST, August 20.

VEILED Soviet attacks on Chairman Hua Kuo-feng of China's visit to Romania were described during the week-end by a high Romanian official as "unreasonable and unjustified."

Commenting on the latest Tass dispatch accusing Chairman Hua of provocative "anti-Soviet" statements in his toast at a banquet earlier this week, the Romanian official told the Financial Times that the Chinese statement was "moderate."

There has been as yet no official Romanian or Chinese reaction here to the series of direct or indirect criticism in the Soviet Press. However, President Ceausescu went out of his way to soft pedal the visit. Thus he failed to accompany Chairman Hua—who leaves tomorrow on his travels in the country-side and the Black Sea coast.

Instead yesterday he visited, together with the entire party leadership, an exhibition of consumer goods in the capital, which incidentally had already been opened weeks ago. The State-controlled Press today gave more prominence to the visit to the exhibition than to the tour of the Chinese delegation.

The fact that Chairman Hua and his Romanian host have not seen each other for 48 hours, and that the Romanian side pushed through on Friday a Press release marking the end of "official talks," may be a belated gesture to placate the USSR.

The Chinese visited the Constanta shipyard and seaside hotels yesterday, and a collective farm this morning before returning to the capital. Tonight Chairman Hua gives a banquet at the Chinese embassy in honour of his Romanian hosts.

A number of agreements about co-operation in trade, shipping, tourism, technology and science, before Chairman Hua departs for Yugoslavia, the second country he visits on his historic journey to Europe.

Alexander Lebl adds from Belgrade: The Yugoslav Government awaits the arrival of Chairman Hua tomorrow with a mixture of satisfaction and slight unease. The satisfaction comes from the visit being proof of the very substantial progress achieved in the normalisation of Sino-Yugoslav State and party relations, which gained momentum after President Tito's trip to China a year ago. The Yugoslavs also see the visit as another proof of the independent and autonomous position in world affairs.

The unease is caused by the possibility of the visit being seen as Yugoslavia taking sides in the Sino-Soviet conflict.

Therefore all Yugoslav officials and commentators have been stressing that developing relations with China do not mean deteriorating relations with other countries—that is, the Soviet Union and vice-versa.

The Yugoslavs have been aware that Moscow has been displeased by the developing friendship and growing links between Yugoslavia and China in various fields, to say nothing of Chairman Hua's visit.

Nothing will be done to deliberately irritate the USSR and it is not expected that the toasts and speeches during Chairman Hua's visit will directly refer to the USSR.

But at the same time there has been firmness in asserting Yugoslavia's right to host whoever it chose.

ROME, August 20.

Italian payments in surplus

BY PAUL BETTS

ITALY'S BALANCE of payments registered a substantial surplus of £1,040bn (about \$650m) last month, according to provisional Bank of Italy figures released here over the weekend. During the first seven months of this year, the current account surplus totalled £1,340bn against a deficit of £730bn during the same period last year.

The July surplus, the largest recorded since August last year, reflects not only the traditional seasonal inflow of tourist revenue but also the effects of the declining dollar, increased export performance and a reduced rate of imports due to the lull in industrial production.

While imports are likely to increase during the last quarter of this year, the July payments figure and the expected large surplus this month confirms official Government estimates of

an annual current account surplus this year of some £3,000bn. Italy's improved payments position and the sizeable increase in foreign exchange and gold reserves, which at the end of last month stood at some £16,000bn, has given rise to talk of strengthening of the Italian currency on the international markets. This, in the short term, would result in a likely reduction in the annual rate of inflation, running at around 12 and 13 per cent.

The loan was necessitated by the drop in the value of the U.S. dollar to which the Italian lira is pegged and it had been anticipated for some time.

At present this policy has advantages for Italy in that the European hard currency country account for a large part of Italian exports while key raw material imports are paid for in U.S. currency.

The lower cost of energy imports due to the fall in the dollar prompted the Italian Inter-Ministerial Committee for Economic Planning to reduce the price of some oil products this weekend.

The low level of the lira against the D-mark and the French franc, for instance, has boosted export performance and offset Italy's higher rates of inflation and rising labour costs on export competitiveness.

Although high level discussions are now taking place over the eventual participation of the lira in a European monetary system, the authorities say some of the major structural distortions of the Italian economic system must be tackled first.

To this end the Government is expected soon to disclose to the other political parties supporting it details of its three-year recovery plan.

ANKARA, August 20.

Turkish lira falls in realignment

BY METIN MUNIR

THE TURKISH LIRA lost value in relation to 15 major international currencies, including the pound, in an adjustment of the rates by the Central Bank at the weekend.

This was the second such operation since the devaluation of 30 per cent last March as part of the Government's IMF-sponsored austerity programme.

The Australian dollar went up in value by 10.5 per cent, the Austrian schilling by 4.2 per cent, the German Mark by 4.8 per cent, the Belgian franc by 1.9 per cent, the Danish kroner by 3.5 per cent, the French franc by 2.9 per cent, the Swedish Kroner by 4.4 per cent, the Swiss franc by 18.05 per cent, the

Italian lira by 4.3 per cent, the Kuwaiti dinar by 2.07 per cent, the Norwegian kroner by 2.4 per cent, the pound sterling by 2.5 per cent, and the Saudi riyal by 8.8 per cent.

The parity of the U.S. dollar remained constant at 25 lira while that of the Canadian dollar was reduced in value against the Turkish lira by 2 per cent.

The realignment came at a time when Finance Minister Ziya Mucizoglu is in Washington for discussions with the IMF on a second tranche standby loan of \$50m. The loan was necessitated by the drop in the value of the U.S. dollar to which the Turkish lira is pegged and it had been anticipated for some time.

Between August 1977 and

yesterday's realignment, there have been a number of Turkish readjustments adding up to an 85.5 per cent increase in the value of the Swiss franc, a 56.5 per cent rise in the value of the German mark and with the remaining currencies averaging an increase of 31 per cent.

It is believed that the Government may shortly launch a "quasi-boat" of the Turkish lira, severing its tie with the U.S. dollar and pegging it to a basket of currencies, allowing it to fluctuate between pre-fixed upper and lower limits. The purpose of this move would be to eliminate the cross-rate differentials associated with the fluctuations in the international money markets.

Portugal Ministers named

BY JIMMY BURNS

LISBON, August 20.

PORTUGAL'S Prime Minister Sr. Alfredo Nobre de Costa has begun to form a Cabinet of political independents and technocrats in an attempt to stabilise the country's four-week-long political crisis.

Although Sr. da Costa is believed to have already decided on the kind of Cabinet he would like to form, only four Ministers have been named. These include Sr. Jose Silva Lopes, the Governor of the Bank of Portugal and the President of Portugal's Commission for European Integration, who has accepted the post of Minister for Finance and Planning.

Colonel Mario Firmino Miguel, one of the few political figures in the Portugal's recently collapsed Government, will continue as Minister for Defence.

Sr. Pedro Pires de Miranda, a director of Portugal, Portugal's nationalised energy company, the new Minister for Commerce and Tourism, Sr. Fernando Santos Martins, a Secretary of State under Portugal's first constitutional Government, is the new Minister for Industry. The Socialist Party, Portugal's leading party who last week refused to participate in Sr. da Costa's Government, have declared that they will reserve final judgment until they have examined the composition of the new Cabinet and the new Government programme. This attitude is shared by the Communists who—at a mass rally on Friday night—heard their party leader, Sr. Alvarez Cunhal, back down from outright opposition to Sr. da Costa.

Exxon price violations alleged

BY DAVID LASCELLES

NEW YORK, August 20.

THE ENERGY Department, which is pursuing the oil companies for alleged price rule violations in the aftermath of the Arab oil embargo, has laid three further charges against Exxon, totalling more than \$40m.

The first charge alleges that, in September, 1974, Exxon reduced the octane level of its regular petrol without reducing the price, and in so doing an extra and unjustified \$1.5m. in the second charge, the Energy Department alleges that Exxon failed to pass on permitted price increases equally because it charged more at some petrol

stations than at others. Lastly, Exxon is charged with claiming as increased cost part of the expense of export sales of benzene and toluene. Exports are exempt from price controls, and refiners are not allowed to allocate the cost of producing them to products sold at home.

The department said that it will review Exxon's response to these charges before it decides upon what action to take. Exxon has already received a notice of probable price violation relating to crude oil output from the Hawkan Field in Texas. The company has dismissed the charges as groundless.

WORLD TRADE NEWS

Oil tanker market boom eases

By Ian Hargreaves, Shipping Correspondent

THE MINIBOOM in oil tanker markets, which has lifted loading rates for very large crude carriers in the Gulf by ten points inside a month, steadied itself last week.

Owners resisted the temptation to re-activate laid-up tonnage and with an acute shortage of tankers for immediate loading in the Gulf, relatively few fixtures were reported.

According to E. A. Gibson, the London broker, only 2m deadweight tons of tankers have been taken out of lay-up since freight rates improved and those owners who have re-activated ships have demanded and usually received the security of one or three consecutive voyages' employment.

Lambert Brothers reports that some tankers owned by the oil companies have been speeded up to compensate for the shortage of tonnage and to weaken the independent owners' bargaining position in the Gulf. It is too early to say how extensive this practice has become.

Better freights for oil tankers have not had much impact on the second-hand values of these vessels so far, but the bulk carrier sale and purchase remains lively, with China continuing to add to its fleet through its Hong Kong agency, Ocean Tramping. According to a survey by H. P. Drewry, China has added more than 85 bulk carriers to its fleet this year, much the heaviest buying spree so far.

P & O and Ocean Transport and Trading were also in the sale and purchase market last week. P & O disposed of three mid-1960s liners for a total of \$3.9m and Ocean is rumoured to have sold two sophisticated "P" class liners for about \$4m.

Russian and Chinese demands for grain movement are underpinning the dry bulk market, to some extent, although period charter rates for Panamax type ships continue to be low, there is at least a reasonable volume of business.

Krebs factory for USSR

PARIS, August 20.

Krebs, the French petrochemical engineering concern, has won a \$150m contract to build an insecticide factory in the city of Sumgait in Soviet Azerbaijan. Krebs fought off West German competition to win the contract which had been under negotiation for more than two years. It will be 80 per cent financed under the existing 1974 Franco-Soviet export credit agreement. The factory, which has not been fully taken over by the process for the insecticide, lindane, was developed by Rhone-Poulenc.

Agencies

Contracts

● Demag AG has received a DM 40m order to deliver a wire rolling mill from the Shahr Industrial Group of Tehran. The mill is destined for the industrial complex at Ahwaz, around 100 kilometres north of Abadan. Work will begin next year to come in stream in the middle of 1980.

● Canada is to supply France with a CL-89 airborne surveillance drone system designed to provide tactical intelligence in forward battle areas. France is the fifth nation to buy the drone system.

● Vickers-Dawson has won two export orders for dairy bottling plant, with a joint value of over £2.2m. The larger of the two, valued at about £1.8m, was obtained through Technoprom, import of the USSR government purchasing ministry for the Leningrad Production Association for the milk industry. The £560,000 for the supply of two second order is from the Dairy Conprole in Montevideo.

● Richard Simon and Sons has received its biggest single order ever, worth in excess of £1m, to supply weighing equipment to Simon-Carves for two rubber factories.

ASIAN CONFERENCE

Promoting intra-regional trade

BY K. K. SHARMA

A KEY CONFERENCE of Asian countries, which aims at increasing trade among participating nations in the context of growing protectionist trends among developed countries, begins in New Delhi today.

The conference has been sponsored by the Economic and Social Commission for Asia and the Pacific (ESCAP). It is considered to be the most important since the Ministerial conference held in Kabul in 1970 which ended in a declaration for increased trade and co-operation among Asian countries.

The New Delhi conference is being attended by over 30 countries, including China, Vietnam, the Arab nations, Japan, Australia, and those of the Indian sub-continent. It will consider detailed proposals for trade expansion and co-operation in the ESCAP region and is expected to end on August 23. The fact that countries outside the ESCAP region, like the Soviet Union and Britain, are also attending the conference shows the importance attached to the New Delhi meeting.

It will also be the first time in over 20 years that a Chinese Minister has visited India. The ESCAP proposals take into account the Kabul declaration on Asian economic co-operation and development as well as the functioning of existing sub-regional groupings such as ASEAN, and Regional Co-operation for Development (RCOD). But since 1970 ESCAP points out that there has been a setback to trade liberalisation at a global level because of the adoption of protectionist measures by developed countries despite the introduction of the Generalised System of Preferences (GSP) by many developed countries. Hence the need first for non-preferential trade promotion measures and, second, for preferential trading arrangements.

ESCAP sees no conflict between the interests of a development plan of sub-regional groupings and the plan for the region as a whole. But this is in addition to the creation of the participating countries.

BY ROBERT WOOD

ONE OF Japan's top business leaders has urged expansion of Japan's target for "emergency imports" to \$15bn—the highest figure yet mentioned.

The suggestion came from Mr. Toshio Doko, president of the Keidanren, Japan's most important business group. Mr. Doko made the proposal in a meeting with Minister of International Trade and Industry, Mr. Toshio Komoto.

He also called for a ¥3,000bn supplementary budget, a new set of tax incentives for investments, and a cut in long-term interest rates.

Mr. Komoto has said that he and the Economic Planning Agency director, Mr. Kikuchi Miyazawa, had agreed to try to increase the amount of emergency imports from the already approved target of \$4bn to \$12.5bn. Officials of other Ministries later said that Mr. Komoto's target was completely inconceivable.

A Keidanren official said Mr. Doko's call for \$15bn in emergency imports came in "very strident" and "less than market rates."

Emergency imports are a short-term measure designed to reduce Japan's current account surplus while market mechanisms and Government encouraged structural changes bring Japanese payments into balance.

They consist of resources such as fuels purchased in advance of Japan's needs, and ships and other equipment either purchased from foreigners who had been leasing them to the Japanese or purchased abroad by foreigners.

Many of these "imports" will never actually enter Japan, but they will reduce Japan's trade surplus by appearing as imports in Japan's trade statistics. Emergency imports are carried out mainly through the private sector, which is given "administrative guidance" and such incentives as loans at less than market rates.

Mr. Doko also requested new industrial policies for the shipbuilding, non-ferrous metals, petrochemical, and synthetic urea industries. Specifically, he called for new orders of ships for the maritime safety agency and establishment of a co-operative importing agency for naphtha, the basic raw material of the Japanese petrochemical industry.

Foreign currency loans for emergency imports in July totalled \$90.9m, according to the Export-Import Bank of Japan. The loans were for imports of nickel and nickel ore from New Caledonia and iron ore pellets from Australia.

Foreign currency loans for emergency imports are granted at favourable interest rates under a system that went into effect last October. The July loans of \$90.9m bring the total of such loans so far to \$173m.

TOKYO, August 20.

Japan urged to increase imports target to \$15bn

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Kloekner to build alumina plant

BY GUY HAWTHORN

FRANKFURT, August 20.

KLOECKNER is to construct a large alumina plant, together with the necessary infrastructure, in the Indonesian island of Bintan. The plant will provide the raw materials for the large alumina refinery to be located in the straits.

Technology for the project will come from Kloekner Industries, triangelien. Kloekner and Company's plant engineering subsidiary, The new plant will produce some 600,000 tonnes of alumina per year, which will be delivered to the Japanese refinery on North Sumatra by bulk carriers. Up to now most of the refinery's coarse alumina has come from Australia.

Kloekner and Company will be leading a consortium which will undertake the project. Included in the consortium is the Aluminum Corporation of America, with whom it has been working on feasibility studies for the plant.

It is understood that Kloekner won the tender against competition which included Kaiser Aluminum. The Kaiser bid, however, was rejected, it seems, because its process produces a raw material which varies in specification from that required by the Japanese.

At the moment, CVRD, through its Valeus subsidiary, holds 85 per cent of the total \$18m capital in the project, with Reynolds Metal holding 7 per cent and the Rio de Janeiro Development Bank 8 per cent.

Negotiations are proceeding with the Billiton subsidiary of Shell (Netherlands), which is expected to take between 30 and 40 per cent of Valeus's shares.

The \$301m project, in its initial stages, due to begin in 1981 will rely on imported bauxite from Guyana and from Shell's reserves in Surinam.

Brazil's oil purchases rising

BY DIANA SMITH

RIO DE JANEIRO, August 20.

BRAZIL'S OIL monopoly, Petrobras, has revealed that by the end of this year, oil imports will total \$4bn, compared with \$3.6bn in 1977. Indeed, the volume of oil imports and of average consumption of oil and derivatives has risen by about 7 per cent since the beginning of this year.

About \$400m of the sum spent on oil imports this year will be allocated to building up stocks, as a hedge against possible OPEC price rises.

Petrobras, either drilling on its own, or allocating risk contracts offshore areas to foreign oil companies, has made energetic efforts to discover more Brazilian oil. In the first half of this year, it spent \$295m drilling 142 wells and its found oil or oil gas in five of them (four offshore).

Current national production of about 166,000 barrels a day, however, can only cover around 16 per cent of the more than 1m barrels of oil and derivatives Brazil consumes daily.

● Brazil's Companhia Vale do Rio Doce (CVRD), the national mining and metals conglomerate, has revised the production target for its new Valeus aluminium project to be built in Rio de Janeiro state from 80,000 to 85,000 tonnes a year.

granted to a private Mexican company by a Mexican banking institution.

Mexicana now has seven new Boeing 727 jets on order. The airline has announced plans for daily non-stop flights between Mexico City and San Francisco. At present there are no direct flights on that route.

AP-DJ

Mexican aircraft loan

MEXICO CITY, August 20.

MEXICANA DE AVIACION S.A. Mexico's largest privately owned airline, has signed a \$11m long-term credit with Multibanco Comeney, a Mexican private banking institution, to finance the acquisition of three new Boeing 727-200 jets.

The loan in dollars is to be repaid over a 10-year period and represents the largest credit ever

compounding plants in the Soviet Union.

● Porta Systems has signed two contracts totalling \$15m to provide connector blocks and line condition report systems (LCR) to the Government-owned telephone company in Taiwan. Delivery of the connector blocks will be the latter part of 1978 and the LCR by the end of 1979.

● Nippon Electric has received an order to export a total of 100 earth stations for satellite communications from Satellite Business Systems of the U.S. Shipments will start in February, 1980.

● Marine Industries, the Canadian shipbuilding and engineering products group, will build 800 covered railroad hopper cars for grain transport for the USSR government purchasing ministry for the Leningrad Production Association for the milk industry. The \$560,000 for the supply of two second order is from the Dairy Conprole in Montevideo.

● Richard Simon and Sons has received its biggest single order ever, worth in excess of £1m, to supply weighing equipment to Simon-Carves for two rubber factories.

ESCAP sees no conflict between the interests of a development plan of sub-regional groupings and the plan for the region as a whole. But this is in addition to the creation of the participating countries.

ESCAP is concerned is that negotiations should begin on reducing and, where possible, eliminating tariff and non-tariff barriers within the region. This is in addition to the creation of preferential trade arrangements among such groups as ASEAN, RCOD and the Australian Free Trade arrangement.

ESCAP has concluded after a detailed study, that the import

World Economic Indicators

UNEMPLOYMENT

	June 78	May 78	July 77
	1,364.6	1,366.4	1,342
	5.7	5.7	5.8
	877.3	912.9	972.6
	3.9	4.0	4.3
	204.1	202.3	205.4
	5.1	5.1	5.3
	5.7	6.1	6.9
	5,754	6,149	4,719
	1,039	1,132.3	1,180.1
	4.7	5.1	5.3
	May 78	April 78	July 77
	1,230	1,130	1,110
	2.2	2.2	2.1
78	April 78	March 78	May 77
	280.2	284.1	251.3
	7.0	7.1	6.3
8	Jan. 78	Oct. 77	April 77
	1,520.0	1,598.0	1,432.0

HOME NEWS

McNee pleads Appeal to cut law fees on homes

FINANCIAL TIMES REPORTER

SIR DAVID MCNEE, the Metropolitan Police Commissioner, yesterday restated his case for extending police powers.

Sir David, whose proposals for increasing police powers are being considered by the Royal Commission on Criminal Procedure, said that there was little point in an "excess of liberty" if individuals were afraid to leave their homes or walk freely on the streets.

He did not want to see the creation of a police state, but it was important to remove the existing temptation for police officers to "bend the rules" when dealing with criminals.

"What we are about is to spell out to the Royal Commission the problems facing the police today in a society where crime is increasing at a fast rate. I am certain I speak for the majority of people today when I say I don't want a society ruled by criminals."

Sir David suggested in his evidence that the police should be allowed to hold suspects for three days before bringing a charge. Speaking on the Tyne-Tees television programme, Face

the Press, he said that far from curbing people's rights, this proposal would ensure a fairer deal for suspects.

"It may surprise you that certain suspects are already kept in a police office for longer than three days. I'm hoping to make things better for the suspect by saying that after 72 hours we go before a magistrate and it is then up to the court to decide what happens thereafter."

Sir David said that he did not want the police to have to do their duty "by blind, by stealth or by force" and he believed that his proposals would make police methods more acceptable to the public.

They would also go a long way towards increasing the crime detection rate in London. At present, only 21 per cent of the capital's crimes were being detected.

Sir David said that roughly 29 per cent of those arrested for serious crime were aged between 10 and 16. This was "frightening" and the police should be allowed to hold suspects for three days before bringing a charge. Speaking on the Tyne-Tees television programme, Face

THE TORIES were urged yesterday to cut legal fees to help would-be home-owners if they won the next election.

The appeal to Mr. Michael Heseltine, spokesman on the environment, came from House Owners' Conveyancers, a non-profit-making organisation which claims it can do the job of solicitors for a fraction of the cost.

Mr. a88il Blower, chairman of the organisation, said the legal fees involved in buying and selling homes are "frightening."

"If the Conservatives want a home-owning democracy they will have to reduce stamp duty and try to curb the heavy charges made by estate agents."

He claimed it was high legal costs which prevented many council tenants buying their homes—one of the Tories' main housing policies—because while they cannot afford the legal fees, the organisation is an offshoot of the House Owners' Co-operative, a registered Friendly Society.



Britain's plans for civil defence against nuclear attack are "an ill-co-ordinated shambles," according to two Tory MPs in a Conservative Political Centre booklet, Britain's Home Defence Gamble, published yesterday.

Mr. Robin Hodgson (Walsall North) and Mr. Robert Banks (Harrogate) say that the issue of nuclear defence has been surrounded by "a fog of secrecy largely Ministerially-imposed" by successive Governments in the last ten years.

Their answer to the argument that Britain does not need home defence because no one would survive a nuclear attack is to cite an estimate by military strategists that a 200-megaton strike would leave about 36m survivors in the UK, provided the population was properly forewarned.

But if nuclear defence plans were inadequately thought out or implemented there would probably be no more than 20m survivors. An effective home defence organisation could therefore save some 15m lives.

The MPs recommend that the Civil Defence Act should be amended to give the Government power to compel local authorities to comply with minimum standards in home defence planning.

British wines win their own trademark

By Sue Cameron

BRITISH wine producers obtained official approval for their own Appellation Contrôlée style trademark.

The English Vineyards Association, has persuaded the Department of Prices and Consumer Protection to approve a certification trademark that can be given to any British wine which reaches a certain standard of quality.

The association will set the standard itself and also decide which wines should be allowed to carry the new trademark on their labels.

The granting of official approval to the trademark means that UK wine producers will be able effectively to by-pass lengthy EEC regulations on the quality and status accorded to different wines.

An EEC directive states that British wines can be accorded quality status only if the vineyard of origin has a 10-year record of high standard production. Because of this, most UK wines, whatever their quality, have to be labelled Table Wine.

The English Vineyards Association has long opposed the EEC regulations. This weekend it said that its own tests for awarding the certification trademark would be even more stringent than those used by the French, the Germans and the Italians.

Reduction

British wine producers will still not be allowed to use the actual phrase Appellation Contrôlée on their bottle labels but they claim the new trademark will denote wines of equivalent quality.

British wine producers hope that moves in Brussels will lead to a substantial reduction in the cost of all wines sold in the UK, whether home-grown or imported.

The EEC is bringing an action against the UK and Denmark because of the high duty charged on wines compared with that on beer. The case will be heard in the European court.

Carrington studies fabric sex appeal

BY RHYS DAVID, TEXTILES CORRESPONDENT

CARRINGTON VIVELLA is to satisfy this market. The move has also been made by the women's wear trade. A easier by the growing conversion division to be set up from men and the start of next year will make a range of spun woven fabrics.

The group is a major UK manufacturer of women's wear fabrics and finished garments and has been examining, up on fabrics that can be worn for the past two years, ways in which it could increase its stake in women's wear.

Fabric has been supplied to a leading store group for evaluation and the company now plans to prepare a range of materials, initially in small quantities, for autumn 1979 and in larger volumes for spring 1980.

The move into women's wear will bring Carrington into competition with the other big groups, including Total and Courtauld, and is being made partly because of strong demand in recent years on sales of menswear fabrics by imports of finished garments.

Imports of finished women's garments are substantially lower than the company hoped this but a large used is imported and Carrington believes it can help through to 100 per cent wool.

Unit trust value record

BY ADRIENNE GLEESON

A SHARP RISE in share prices in both London and New York took the value of funds invested through British unit trusts to a record £3,940m at the end of last month.

The £233m rise over the month owed relatively little to new sales, which showed their normal seasonal decline at £134m, against £49.56m in the preceding month. Gross sales have been falling for three months running.

Compared with the corresponding period last year, the figures continued to be heartening. In July last year, the value of gross sales was only £3,400m and a high level of repurchases reduced net new investment to only £11,87m.

Last month, repurchases were £23m (£25.7m in June), ahead of the £21.5m monthly average for the first seven months of the year. Net new investment was £18.75m, against £23.55m in June, and a monthly average of £26.3m.

'Subsidise Ordnance Survey maps' THE COUNTRYSIDE Commission wants the Government to subsidise the price of Ordnance Survey maps on the grounds that this would help protect rural areas from the damage sometimes done by unwitting visitors.

The commission says that if more hostility to visitors.

Industry democracy plans attacked

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

OUTSPOKEN OPPOSITION to the Government's plans for industrial democracy legislation giving union members Board room seats and the right to be consulted on company decisions, was expressed yesterday by the Engineering Employers' Federation.

The Association of Chambers of Commerce also told the Government at the weekend that it has "major objections" to the plans, which were contained in a White Paper published in May.

"These reactions from leading business organisations contrast with the initially favourable response gained in many quarters by the White Paper, which watered down proposals contained in the Bullock Report."

The federation said yesterday, in a detailed response sent to Mr. Edmund Dell, Trade Secretary, that the White Paper contained "no fundamental change" from the Report.

The federation's "objection of principle" remained because engineering companies could not accept "the proposal for statutory fall-back power which

would compel the imposition of employee directors on a company."

"Enforced imposition of employee directors is seen as the irresponsible fashioning of a wedge, irrelevant to the development of true employee involvement and to the promotion of greater industrial effectiveness, which would certainly be exploited politically by those set on changing society."

The federation also opposed the White Paper's provision for a statutory obligation on companies to consult employees on key matters before decisions were made.

"It would be potentially very damaging to the interests of employees and companies to pre-empt a rapid study for advances in the field of such highly sensitive issues as takeovers and mergers."

Instead, the federation recommended a code of practice to encourage voluntary development, with no legislation for five years.

Investors chase film profits

By Arthur Sandes

INCREASED film-going has produced so much investment from companies hoping for profits from money-spinners such as Star Wars and Saturday Night Fever that there could be a glut of films early next year.

Film companies, including EMI and Lord Grade's ATV subsidiary ITC, are producing so many big budget pictures that the show business trade paper, Variety, estimates that a basic "negative" cost of more than £100m is represented by pictures which will be first shown in December and January. The "negative" cost is the price involved in obtaining the best photographic print.

Even inflation does not explain the explosion in film world income in the past two years. Jaws and Star Wars have both taken more than £100m, and this summer, Grease, which has not yet opened in Britain, has taken at least £50m in the U.S. Attendance has also risen sharply on both sides of the Atlantic.

Whether this increased audience is sufficient to sustain a glut of big pictures, however, is subject to some concern. Added to the "negative" cost of a film must be the price of marketing and of making prints for distribution.

Avia Fuels courts six UK oil independents

BY KEVIN DONE, ENERGY CORRESPONDENT

AVIA FUELS (UK) is negotiating with six independent oil companies in a bid to build up its presence in the UK petrol and fuel oil markets.

Avia Fuels was recently incorporated in the UK as the British arm of a European oil marketing organisation that supplies about 5,000 petrol stations, chiefly in the Benelux countries, Switzerland, West Germany, Italy and France.

Two small independent oil companies—Bell Oil Operations of Grimsby, and London-based John Hudson—have already joined the Avia organisation. These two companies are aiming to convert nearly 100 service stations—chiefly in East Anglia, Yorkshire and Lincolnshire—to the Avia brand over the next few months.

Avia was first established in Switzerland in the late 1920s. It is now a voluntary association of about 100 European independent oil companies that have joined to gain the added strength of a shared brand name.

Products sold under this label include petrol, gas oil, heating oil, motor oils, greases and industrial lubricants. The organisation arranges long-term purchase contracts for refined products from the leading oil companies, and is able to obtain attractively priced products because of the combined size of its distribution and retail outlets.

It has taken Avia a long time to make a breakthrough in the UK market.

Mr. Stewart Harris, executive secretary of Avia Fuels (UK), says that at least three more independents are expected to join the organisation by the end of the year, extending the brand-name to London, the South-East of England and the Midlands.

There are understood to be about 30 independent oil companies in the UK operating on a limited local scale, and Avia is trying to attract them into membership.

The RAYE ORGANISATION'S £2.6m cash bid for Bonser Engineering announced late on Friday marks a further stage in the rationalisation of the UK forklift truck industry, facing increasing competition from U.S. and Japanese companies.

18 months ago, the Raye Organisation—which already owned the Lansing Bagnall industrial truck business—acquired Henley Forklift for an undisclosed sum. At the same time, in another major rationalisation move, Coventry Climax, part of SP Industries, formerly the Special Products division of British Leyland, bought Robery Owen Conveyancer.

Climax and Lansing are the largest two UK manufacturers, with Lansing accounting for about 30 per cent of the home market.

But the two companies lack the financial muscle and economies of scale available to large U.S. and Japanese combines.

"The need for rationalisation in the UK industry has been recognised by the National Economic Development Council working party, the Industrial Reorganisation Corporation."

Two years ago a report by the council working party said: "There is need to achieve a measure of effective restructuring of the British-owned sector of the industrial truck industry in the UK, enabling it to become a more effective force in world markets through the better use of the industry's financial, production, marketing and manpower resources."

Since that report, the level of import penetration into this industry has increased to almost 24 per cent in 1976, while the UK's share of total world trade slipped from 16 per cent to 13.5 per cent in the same year.

Britain remains the world's third largest exporter after the U.S. and Germany, but Japanese manufacturers have been steadily making inroads into export markets, notably in other European countries.

Three of the leading UK producers are U.S.-owned—Caterpillar, Batair and Hyster—while a fourth, U.S.-multi-national, Clarke Equipment, is a major importer.

These four probably account for up to 30 per cent of all home sales, but worldwide, the groups have an individual manufacturing capacity of up to 55,000 units a year.

Penetration

According to Mr. Derek Larkins, joint managing director of Lansing Bagnall, the Bonser deal will further strengthen this product base.

Bonser is more experienced in the lighter end of the diesel-powered trucks and has also been investing in the development of rough terrain vehicles—a fast-growing sector.

A merger would also allow the group to enter the agricultural and construction markets, where rough terrain vehicles have particular appeal.

The deal has been put together rapidly with the initial approach to Bonser coming less than a month ago.

Kaye has already agreed to acquire a 43 per cent stake from

NEWS ANALYSIS — FORKLIFT TRUCKS

Kaye bid aims at rationalisation

BY ANDREW TAYLOR

This compares with a peak UK market of around 20,000 units in 1975.

Industrial truck sales recovered sharply last year after a heavy slump in 1976. Total UK sales, including exports, were thought to be around the 1975 levels.

However, import penetration—increased from 17 per cent in 1975 to around 24 per cent in 1976—has increased appreciably last year.

This may have been partly due to the switch by Clarke from a UK manufacturer to an importer and also by the increased incidence of imported spares.

But undoubtedly competition is increasing.

The major threats to the home market remain the U.S. and West German manufacturers, but the Japanese are waiting in the wings.

Judging by the experience of other European countries, Japanese groups like Komatsu and Toyota can shortly be expected to make a major push into the UK market.

It is against this background that UK industrial truck manufacturers—which contributed a £230m surplus to the balance of trade between 1970 and 1975—have been seeking to strengthen their positions through acquisition.

Kaye's earlier deal brought together Lansing, largely involved in the manufacture of electric powered trucks, with Henley, stronger in the diesel-powered sector, particularly at the heavier end.

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Kaye has already agreed to acquire a 43 per cent stake from

the Bonser family trusts, while shareholders representing a further 10.8 per cent interest have indicated they will accept the 43p a share offer.

A possible obstacle may be the Monopolies Commission as with the combined groups will control perhaps just over a third of the UK market, but a reference seems unlikely in view of competitive pressures and the "Little Noddy" recommendation for rationalisation.

Last year, combined sales of Lansing and Henley are thought to have topped £100m. Kaye pre-tax profits for the year ending April 1977 rose from £5.5m to £5.26m as turnover increased from £71m to £87m.

For Bonser, with sales of only £10m last year and pre-tax profits of £490,000 the deal will take some of the pressure off competition in a competitive area, an industry where competitive pressures lead to considerable product development costs.

Over the past three years, the group has spent in excess of £600,000 developing its rough terrain vehicles.

A merger between Kaye and Bonser would still leave a number of small concerns operating in the UK industry.

Although these have met competition to date, the emphasis is in so many industries in recent years is now increasingly on size, and broader product ranges.

FINANCIAL TIMES STOCK INDICES

	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10
Government Secs	70.75	70.89	71.09	71.15	71.09	71.28	70.50		
Fixed Interest	72.81	72.83	72.89	72.87	72.80	72.89	70.16		
Industrial Ordinary	512.9	509.3	510.0	511.3	513.5	514.8	487.7		
Gold Mines	186.1	187.9	186.2	201.0	206.6	205.0	114.2		
Int. Div. Yield	5.22	5.27	5.28	5.28	5.26	5.26	5.31		
Earnings Yld (%)	15.59	15.72	15.89	15.92	15.88	15.87	14.90		
P/E Ratio (est.)	8.52	8.45	8.36	8.34	8.37	8.37	9.70		
Debt/Equity	5.679	4.997	5.646	5.097	5.618	6.064	5.341		
Equity turnover (%)	78.65	76.41	71.24	69.16	68.78	68.78	76.51		
Equity bargains total	14,665	17,574	21,547	17,322	25,054	20,417			

10 am 509.4, 11 am 507.4, Noon 506.4, 1 pm 509.5, 2 pm 506.2, 3 pm 510.4, 4 pm 509.4, 5 pm 509.4.

* Based on 33 per cent corporation tax. (N=8.2).

B Basis 100 Govt. Secs, 15/10/76. Fixed Int. 12.5%, Ind. Ord. 17.35. Gold Mines 12/9/76. S2E Activity July-Dec. 1977.

HIGHS AND LOWS S.E. ACTIVITY

	1978	1977	1976	1975	1974	1973	1972	1971	1970
Govt. Secs	70.75	68.79	127.4	49.18	104.8	148.1	148.1	148.1	148.1
Fixed Int.	72.81	70.75	150.4	50.53	104.8	148.1	148.1	148.1	148.1
Ind. Ord.	512.9	509.3	510.0	511.3	513.5	514.8	487.7	487.7	487.7
Gold Mines	186.1	187.9	186.2	201.0	206.6	205.0	114.2	114.2	114.2

FT—ACTUARIES INDICES

	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10
Industrial Group	231.40	230.81	230.80	231.60	232.44	232.66	195.16		
100 Shares	254.52	253.48	253.26	254.00	255.02	255.66	222.25		
Div. Yield (%)	5.12	5.14	5.14	5.13	5.11	5.09	5.29		
P/E Ratio (est.)	8.62	8.61	8.60	8.63	8.66	8.70	9.35		
All Shares	234.29	233.55	233.60	234.46	235.51	236.08	201.28		

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Medical check for policemen

THE CHIEF Constable of Merseyside, Mr. Ken Oxford, has called for a voluntary annual medical examination of his senior officers because of the pressures of police work. He is concerned that the increased tempo could harm his officers health.

APOLLO

Edited by Denys Sutton

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Building and Civil Engineering

Henry Boot wins £7.7m contracts

TWO CONTRACTS worth over £7.7m have been awarded to Henry Boot Construction. The biggest is worth over £6m and has been awarded by the Property Services Agency for the construction of additional automotive testing laboratories at the Military Vehicle Engineering Establishment in Surrey. The new laboratories will include a 2,330 sq metre vehicle testing chamber, a 1,556 sq metre climatic altitude testing chamber and a 1,180 sq metre general plant building. These buildings are to be steel-framed with ribbed finish in situ concrete walls to about 5 metres and steel cladding above. The other contract, worth £1.7m, is for the construction of a multi-storey office block in Malinslee, Telford, for the Development Corporation. The block will be Y-shaped on plan and one ten-storey wing is to be brick clad and the two remaining wings of seven and five storeys, will be curtain walled. Short bored piled foundations will carry a slipformed reinforced concrete central core and the structural frame will be constructed using the British Lift Slab system.

Sambron expands in UK

WHEN French materials handling equipment manufacturer Sambron first decided in 1971 to establish itself in the UK market, it could not have foreseen the rate at which its new "baby" would grow.

Because the English subsidiary, which originally started in the front room of a private house, looks set within the next two years to secure more domestic sales than its French master across the Channel.

Turnover in its first year was around £220,000 but with a 100 per cent annual growth rate being regularly achieved in the early stages—it is now down to a more modest 40 per cent—months will be between £7m and £8m.

The UK company, still being run by Mr. Keith Hancock, the man who started it off, initially concentrated on the sale of rough terrain materials handlers to building contractors and, more recently, to farmers.

When Sambron started in Britain, the market for rough terrain equipment was wide open and the company backed its sales efforts with a comprehensive campaign to persuade customers to treat seriously the concept of efficient materials handling.

Now, Sambron says, most customers are much more sophisticated in their approach to the subject, but the market

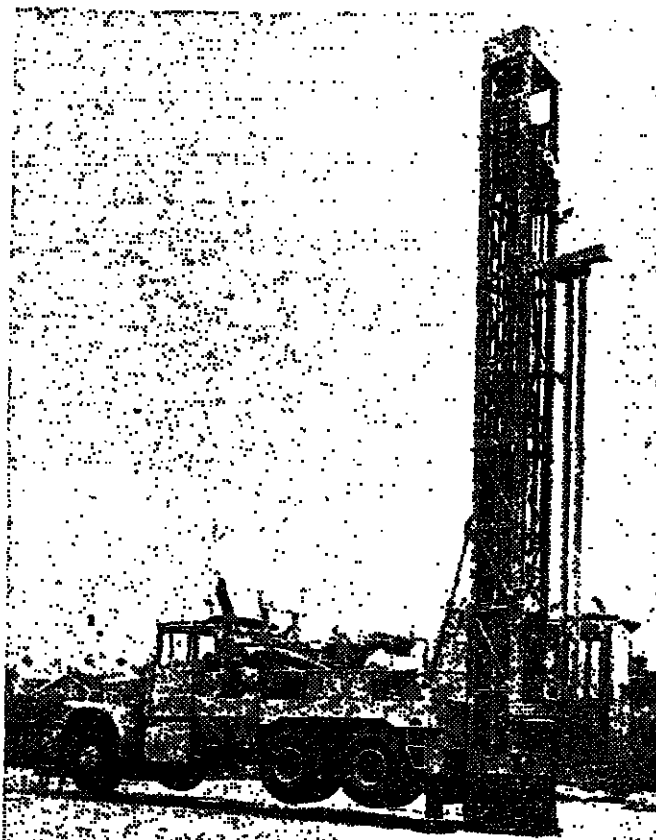
for its product has at the same time become very competitive, with big international names like Deere Case and Massey Ferguson all vying for a share of the annual £20m sales.

Sambron imports from France and adds British bits and pieces, such as engines and gearboxes, as it tailors equipment to suit UK requirements. It regards itself as a pioneer in the rough terrain machinery field and believes it will be even further ahead of the field with the introduction of a new, multi-purpose handling machine which allows the driver to change a range of attachments from the cab.

Another gap is due to be filled in November when Sambron begins to sell a French-produced dumper, with a Perkins engine, to Britain. Sambron, France, is the largest dumper manufacturer in Europe and while the UK market is tough and very price-conscious, hopes for good sales are high.

In the meantime, the UK company is busy looking for its own exports. It has appointed a distributor in Australia and is now establishing a dealership network in Scandinavia. How long before Sambron of High Wycombe has the lion's share of the Pontoon-based group's total £25m turnover is a matter for conjecture.

MICHAEL CASSELL



The Dando 650 lorry-mounted blast hole drilling rig in its operating position.

Big mobile drilling rig ready for action

ONE OF the largest mobile blast hole drilling rigs manufactured in the UK, the Dando 650, has just been delivered to the British Steel Corporation at Corby, Northants, by Duke and Ockendon of Littlehampton, Sussex, a member of the Mowlem Group.

The equipment is part of a £300,000 order from BSC's Tubes Division, for drilling equipment for use at the Corporation's open-cast iron ore mine at Corby.

A second Dando 650, nearing completion, will be taken to Corby in the autumn. The other equipment comprises eight smaller track-mounted Dando 220 drilling units, which have been delivered already.

The Dando 650 is designed for mounting on a British Leyland Scammell Superconductor lorry with a 300 hp Rolls-Royce diesel engine.

Miller to build warehouse

MILLER CONSTRUCTION is to build a £1.4m warehouse at Bailey Hall Road, Halifax, for Rowntree Mackintosh. It is scheduled for completion by June 1979.

The warehouse will be of two storeys linked at both levels to an existing building and the contract includes all associated drainage.

Architects are Chas. L. Horsfall, Son and Partners.

Offices and factories

TWO OFFICE blocks and five advance factories are involved in new contracts for Jarvis worth £1.1m.

At Chelmsford, Essex, the facade of the Chelmsford Institute will be retained to face a new three-storey and basement office building which will be constructed together with a separate new three-storey office block at the rear of the site, for Samuel Properties. The designs are by Lindy Austin and Partners.

On the Pallion (West) Industrial Estate, Sunderland, Tyne and Wear, Jarvis is building a terrace of three advance factories and a single factory. In Manchester the company is constructing an advance factory on the Department of Industry's site in Denton, Greater Manchester. These contracts are from the English Industrial Estates Corporation.

IN BRIEF

● Lesser Building Systems (Export) has won a £1m contract from Costain International to supply 8,500 square metres of accommodation for management personnel working on a project in Iran. The accommodation includes 17 three bedroom bungalows, 29 two bedroom bungalows and five senior and junior staff blocks.

● Carrier-Ross Engineering has been engaged by Wiggins Teape Pulp and Paper Mill, Fort William, Scotland, to improve the environment in the pulp mill's electrical switch rooms and control rooms. The £83,500 contract will be carried out during the annual plant shut-down at the end of September.

● D. T. Bullock and Co. has won a £330,000 contract for improvement of 48 homes on the Eastbourne Estate, Stockton on Tees for the Stockton Borough Council.

● New safety facilities will be introduced at the Stamford Bridge football ground under a £217,000 contract awarded by Chelsea Football Club to Boris Construction. It represents the first phase of a programme which will cost about £600,000 to complete.

● Haden Youngs has won a £3m mechanical and electrical services contract for Barine Brothers new Bishopsgate, London, offices.

● J. Cartwright Construction has begun work on a production office complex for Gesta Fasteners at Dalton Lane, Keighley. Value of the contract is £290,000.

Variety of jobs for John Laing

A SCHEME to create a new unit for the mentally handicapped for south-east London at Lewisham's Grove Park Hospital is to enter its second stage soon under a contract worth more than £880,000 to upgrade four blocks at the front of the hospital.

The contract has been awarded to Laing by the South East Thames Regional Health Authority which plans to modernise the former chest hospital and extend it by building on an adjacent site over the next five years.

Architects for the scheme are Macintosh Haines and Kennedy. In Leicester, Laing has won a £500,000 contract for the construction of offices for the General Accident Fire and Life Assurance Corporation.

The new offices at Granville Road will replace an existing office nearby and will be a four-storey block of open plan design giving a total floor area of about 12,000 sq yds. The building will be in the New Walk conservation area of the city.

Architects and structural engineers for this scheme are Hadfield Cawkwell Davidson and Partners. As part of a clean-up scheme for the River Tame in the West Midlands excavation of a settlement lake is to be started soon

by Laing's Engineering Division under a £1.8m contract. The contract has been awarded by the Severn-Trent Authority which is planning a series of on-channel lakes outside Birmingham as part of the River Tame purification scheme.

Laing is excavating the first lake, which will cover 62 acres on the site for the former gravel pits at Lea Marston, Sutton Coldfield. A new concrete inlet channel, outlet weirs and two road bridges will also be constructed.

The lakes will allow the solids carried in the river to settle, while the cleaned water passes downstream. Work on the first lake is expected to take two years.

Consulting engineers for the project are Binnie and Partners. Another job for Laing's Engineering Division is at Goldings Road, Lings, Northampton, where it is to start work soon on a covered 5m gallon reservoir under a contract worth about £718,000 awarded by the Anglian Water Authority.

Laing has started work on a single-storey factory of about 36,700 sq ft for Trico-Folberth under a contract worth about £16,000 awarded by the Northampton Development Corporation.

New range of partitioning for industrial premises

AN ORIGINAL form of demountable steel partitioning for industrial premises will be launched in September by Ronco Vickers Partitions. It has a series of interchangeable panels which slot together and allow optimum flexibility in the design of layouts, regardless of size or area, shape or function. The system also injects bold colour as an alternative to the greys which traditionally have dominated the shopfloor environment.

Three types of panel are sheet steel, mesh and glass, each made to a nominal standard 1200mm x 900mm. Panels, trimmed with rigid extruded PVC, clip into a solid steel frame. The units then interlock into a series of combinations without the need for special or permanent fixings. Silver and strong primary red and blue colour schemes are offered.

The doors designed for this system give a clear opening height of 2300mm, over 12 per cent higher than those usually installed. This greatly eases the passage of goods in bulk and also provides improved access for fork lift trucks.

"Artisan" is available ready-assembled in standard units offering many permutations of steel, glass and mesh panels, plus a variety of door types, inquiry batches and alternatives. Costs average around £10 per square metre.

Ronco Vickers, Acornfield Road, Kirkby, Liverpool L33 7UX.

Designed for light industries

TWO LIGHT industrial and three warehouse units are to be constructed at Swanscombe, Kent by Maycrete for the Reliance Property Fund (Reliance Mutual Insurance Society).

The units will occupy about 25,000 sq ft on a site which has direct frontage on to both Swanscombe High Street and the A22 London Road. Value of the contract is £330,000.

Homes above the shops

COMPLETION OF a new shopping scheme and housing development in the Heathway area of Dagenham, Essex, is expected in 1980.

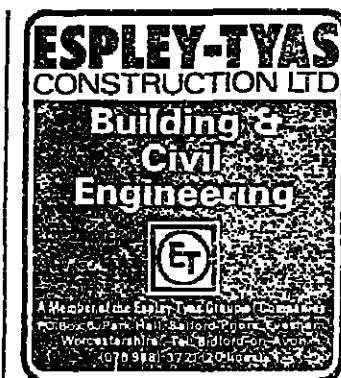
Scott Brownrigg and Turner have been commissioned by the Norwich Union Insurance Group and the London Borough of Barking as architects for the project which will include a covered shopping mall. Above the development will be maisonettes and flats.

Refurbishment of a 7-storey building in Great Winchester Street, London, EC2, has just been completed. This cost £600,000 and was also the result of design work by Scott, Brownrigg and Turner.

Factories in Bootle

THE ENGLISH Industrial Estates Corporation has announced that work is soon to start on two advance factories for the Department of Industry in Bransgrove Road, Bootle, Merseyside. Each factory offers about 14,000 sq ft and is capable of division into four individual units.

A contract for the work worth about £336,000 has been awarded



to R. Costain and Sons, Architects are the Gilling Dod Partnership. Work is expected to start at the end of August and the factories ready for occupation by next March.

£3m office block

WORK IS expected to start this year on a £3m office block for Sperry Gyroscope at Blacknell, Berkshire.

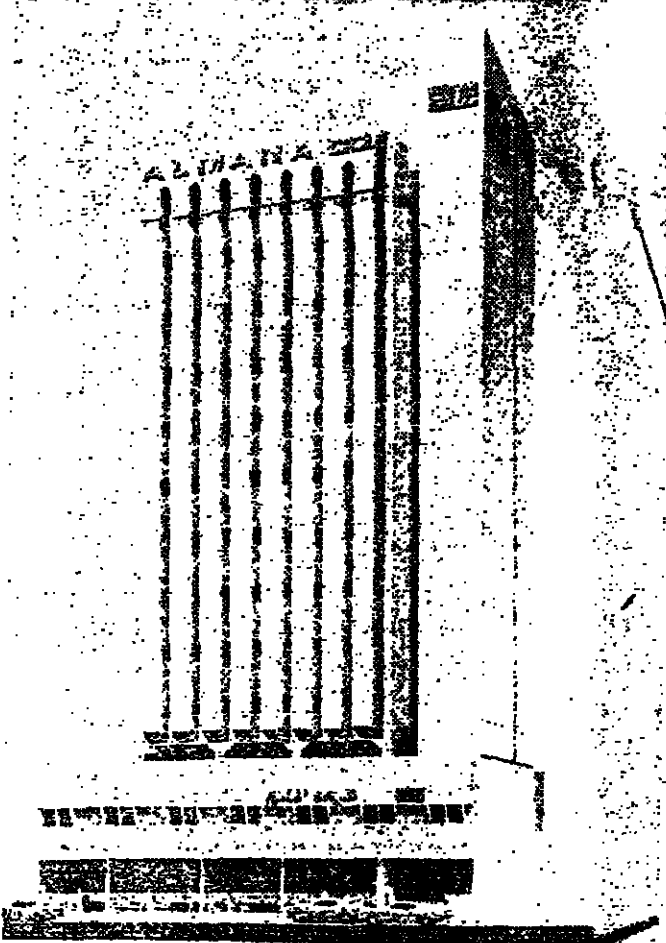
The block will provide 46,000 square feet of office space and will be designed to conserve energy; it will be fully air-conditioned and have double glazing. Architects are Michael Twigg Brown and Partners.

Behaviour of concrete in hot weather

A NEW Cement and Concrete Association Advisory Note, "Concrete in Hot Weather," by D. E. Shirley, has been published. This is a revision of the booklet formerly called "Hot Weather Concreting," and incorporates the findings of more recent research and experience.

Although written primarily from the point of view of operations in the UK, the note describes general principles applicable wherever concrete has to be placed in conditions which render it likely to lose moisture prematurely.

Copies at 65p are available from Publications Sales Unit, Cement and Concrete Association, Wexham Springs, Slough, SL3 6PL. The reference number 45.013 should be quoted.



Model of a £5m development in Qatar to be known as the Almarna Tower. Located on the road between Doha and the airport, the building will include 12 storeys of offices, a penthouse and three levels of car parking space. White, Young and Partners are the consulting engineers and project managers. Architects are Arabian Design Associates of Qatar, together with Hughes and Polkinghorne of Bury St. Edmunds, Suffolk. The main contract is being carried out by Midmac Contracting Company. About 600 tons of steelwork is being supplied by W. H. Smith and Co. of Whitechurch, Salop.

New homes and factory extension

FOUR contracts worth a total of more than £2m have been won by FPA Finnegan.

The largest is worth over £1.1m and, awarded by Barnsley Metropolitan District Council, is for the construction of 88 dwellings at the local authority's New England Redevelopment at Worsbrough Bridge. Another contract is for the building of 26 houses and 26 bungalows for Sheffield City Council at Gloucester Street. This is worth £562,300.

Two other awards are for a £21,000 extension to the Gerhard Mueller factory at Claydon, and a £1.76m contract to build 20 advance factories at King Edward Street, Liverpool. Architects and consulting engineers

for the 65-week contract are Associated Design Consultants with E. C. Harris and Partners as quantity surveyors. Work is scheduled for completion early next year.

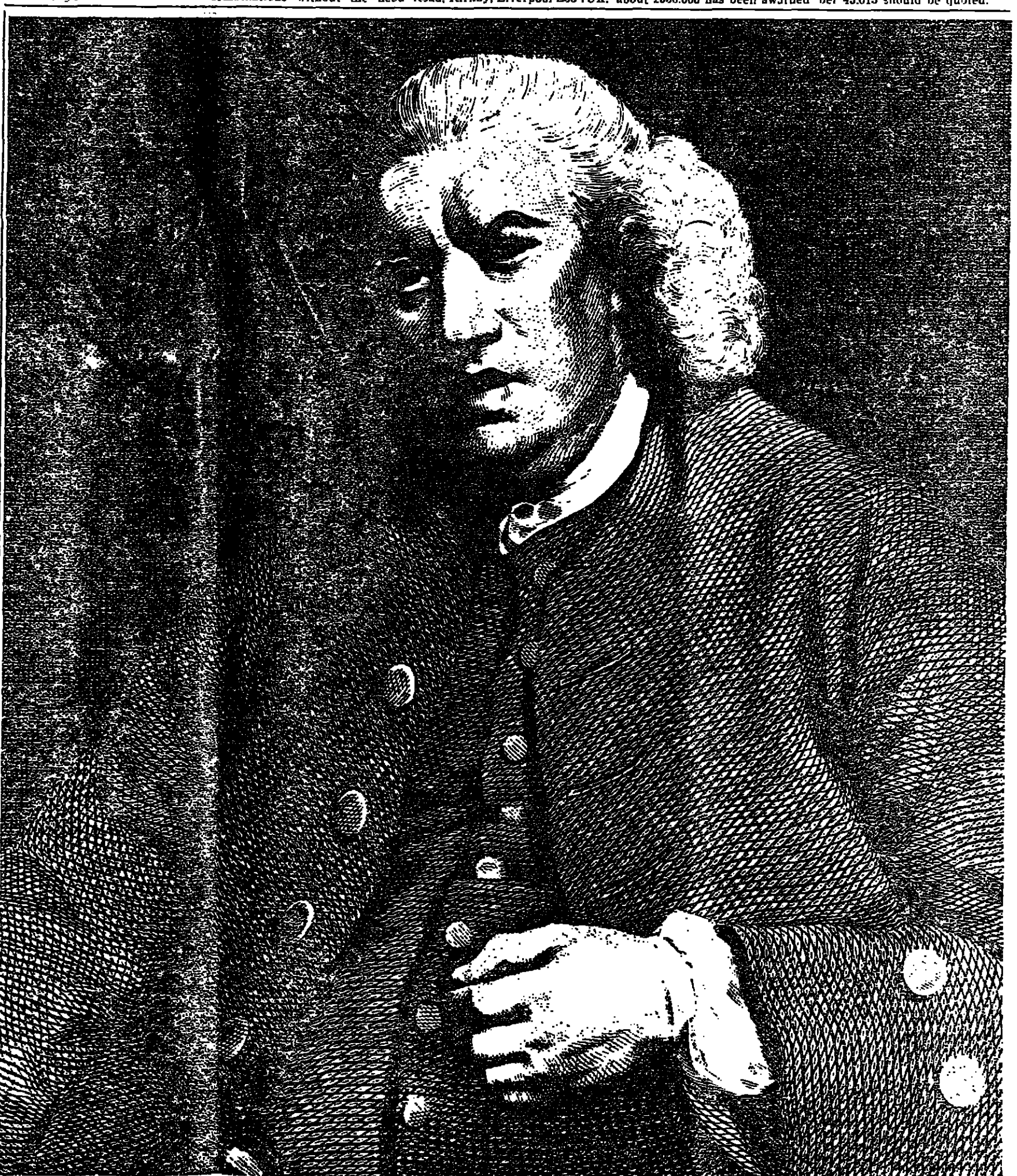
Another contract is worth £243,317 and has been awarded by Newcastle-upon-Tyne City Council for the construction of a sports and social centre in Denton Road. Architects are Faulkner-Brown Hendy Watkinson Stonor, while the consulting engineers are Cundall Johnson and Partners. Quantity surveyor is Gleeds.

Private and public work

WORK IN the private and public industrial sector, valued at £1.25m, has gone to Burnett and Hallamshire, Sheffield.

The erection and completion of a factory building at the Cricket Inn Road development for the City of Sheffield is worth £456,000. For Hallamshire Industrial Estates, the company will construct three factory units at a cost of £323,000. A research building, costing £297,000, will be built for the DOE (Property Services Agency).

Also for the DOE, is a single-storey office extension, at £103,000, at Crown Buildings, Alfreton. Final contract is for the completion of a steel-framed factory, together with a new office block, valued at £105,000. For Street Crane Company at Chapel-en-le-Frith.



Dr. Johnson was nibbling at the Cheshire Cheese when Trollope and Colls first tasted success.

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The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Why your first date with a computer can be so blind

By Simon Rubin

WELL IT'S pretty easy, isn't it? All we have to do is call in a few of those computer companies, choose one and there we are! That seems to be the well-thought-out plan laid by the most courted computer consumer, the first-time user!

For how many of these companies does their first computer burn their fingers? The number is substantial and still growing.

Why do they have such a bad time?

To begin with, the fault lies with them. A manufacturing company going out to buy a new machine tool for its production line will put its production manager/director on to the job. He is usually a person with an in-depth understanding of both his own business requirements, and of the technical data supplied by the vendors competing for his favour. He will take a good deal of time comparing the various bids with reference to technical capabilities, back-up and maintenance support, and price/performance.

He will also, of course, look at the product in use on other comparable sites. He may even ask to try out his job on the machines being offered. It is his contention that, in most cases, the buyer is not sold his final choice but, rather, he buys it. The distinction may be a fine one, and perhaps contentious for the majority of successful salesmen.

The typical first-time computer buyer does not usually go through this exhaustive process, mainly because he does not have the expertise to do so.

He is typically the senior administrator/financial man of the company and his knowledge of computing is often virtually nil.

How does he make his selection? In most cases, he would be unable to tell you. He has been sold a computer system and in no sense has he bought it! But this purchase is frequently the largest one made by his company in its entire history. They wouldn't buy even a motor-car in such a casual way.

One would have thought that the young breed of computer buyers, especially those who are professionally qualified accountants, would have some training in computers. Often they have. They have been taught how to draw a flow chart, using the correct template symbols. They know about pre-sorting punched cards and about that wondrous new invention—the disc! They can often define a number of

well-chosen computer buzz phrases. Their education, in short, is sadly lacking. It certainly does not enable them to make a reasoned selection for their company.

Many buyers convince themselves that they can make their selection ignoring the technological claims of the competing suppliers. "I don't know anything about art, but I know what I like," is their axiom. Some vendors back them to the

will be decisive. Tell the suppliers that whoever wins the test wins the order. They will usually take up this sort of challenge with gusto and the buyer can be more or less certain that the winner has done more than just do better in the test—he has made a substantial effort and commitment to win the buyer's business, and this may well be indicative of his attitude after taking the order. Lack of technical expertise is

offer hardware and application programs in the form of a package. This will either be a generalised package (e.g. ledgers and payroll) or a specific type of business package.

Turnkey systems: the supplier, in this case, will usually be a software house or systems house. It will buy the equipment from the hardware manufacturer and add either custom written or packaged software.

glib computer salesmen who use this simplistic patter to get their business.

The final aspect where the user is often at fault is also during this implementation phase. Few computers are installed without problems. Most of them are soluble, but despite the user's valiant efforts and those, we hope, of the supplier, a problem sometimes arises that no one can solve. The computer works too slowly; the system does not work easily; maintenance is not effective; and so on.

The user must not become the loser. In most cases, the user shouts loudly at first and then shrugs his shoulders in despair. This is what many suppliers rely upon. The user has as many rights buying a computer system as he has buying any other product. Use these rights first as a threat, then as a weapon. No supplier can afford too many bad notices as he sells almost exclusively by reference to his happy and satisfied users.

The computer industry must have a vested interest in minimising the number of losers around. The simplest way of ensuring this is by educating the potential user, making sure that he understands what he is buying and what questions to ask vendors.

The second thing the supplier can do is not to undersell. If the system should cost \$30,000, the supplier should not be misled into believing that by obtaining the order for less he has helped anyone. In the end, the user will probably suffer because the supplier runs out of money on the product or, to give himself a marketing advantage, he has "under-configured" (included too little processing or memory power in his bid). This does not of course preclude a sound business reason for the supplier to discount his price, but not to the detriment of either party.

The conclusion, therefore, is simple. Too many buyers and sellers in the first time computer users' market place are acting in a naive way. For the buyers, the answer is to learn more about what they are buying, or take professional advice. For the sellers, the answer is to be less simplistic and glib about the products they are selling. If the buyers do their job properly, the sellers will have no choice in the matter, and fewer losers will be forthcoming.

Simon Rubin is a computer consultant.

Once the magic box is chosen and has either arrived or is on its way, many buyers take this as the time to relax. Their effort is over and it is up to the supplier to make it work. He has often said that his system is simple to install and use. Now the buyer sits back and lets him prove it.

A strong reproach must be made here to the hundreds of

6 First time computer buyers need to learn more about what they are purchasing, or take professional advice, while computer salesmen need to be less simplistic and glib about what they are selling

hilt in this methodology, telling them that it is simply not relevant to delve into technicalities and that, from this viewpoint, all computers on the market are pretty similar.

From a hardware stance this is more or less true, but one bugbear of the first-time buyer, the operating system, is brought to the fore, the differences between products are legion.

Any sophisticated purchaser will lay more emphasis on this than almost any other element, because the differing facilities are directly relevant to

—the manning of the system and its ease of use

—the costs of applications systems

—the expandability of the computer (many systems offer a large number of potential peripherals and terminals, but the way their operating system works limits this option).

—the upgradability of the system

The unsophisticated purchaser is not able to assess these differences, but he ignores them at his peril. The potential purchaser will have put before him a vast number of claims for the power etc. of the systems being proposed. By merely noting these and even comparing them on paper, he may learn little or nothing. What he must do, if in any doubt about which system to choose, is to make the short-listed suppliers prove their claims.

But do not suppose this part of test is welcomed by suppliers. The buyer must therefore have designed a test which

not the only problem. Few first time users set out their non-technical criteria, and even some of those with a little knowledge of computers ignore the obvious.

This latter group is well portrayed by a first-time user, about to commit his company to \$350,000 worth of computer equipment, who spent so much time asking about response time at terminals that he ignored very major issues, such as proven expertise by the suppliers, and visited only two installations to see the short-listed computers.

Some of the elements that should be evaluated are

—the service and support reputation of the supplier,

—the financial viability of the supplier,

—the supplier's second user policy (you might in time want to sell your computer to someone else. Finance companies will allow a residual value on few computers because of the attitude taken to maintaining second-hand equipment by suppliers).

—the proven stability of the manufacturer's software.

Added to this must be an evaluation of the supplier's approach to the actual computerisation of the buyer's job. With many companies there will be two separate contracts, one with the manufacturer for equipment only and one with a third party for software. Few hardware suppliers are willing to take prime contractual responsibility for custom-written software. There are two main alternatives to this.

Packages: the supplier will

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The perils of hanging your sausages on the clothes line



I WONDER how many people have been avoiding tinned salmon like the plague because of its implication in the recent tragic outbreak of botulism. And I wonder also whether these same people have enjoyed their breakfast sausages with undiminished fervour. For not so many people realise that the name for this rare and terrible disease is derived from the Latin *botulus*, meaning sausage. Indeed, so closely was the unfortunate sausage associated with botulism, that one Mrs. Borgia allegedly hung sausages from her clothes-line and, as they decayed and putrefied, would catch the noxious fluid falling from them in bottles and stockpile them for one of her somewhat bizarre poison parties.

Deadly

Botulism is extremely rare—hence the wide publicity a few cases received. It is caused by one of a number of types of *Clostridium botulinum* which, when given ideal conditions, i.e. putrefaction and the total absence of oxygen, multiplies and produces a remarkably deadly poison. Should this toxin be ingested by man, there may be dire results. Within 10 to 36 hours, the patient suffers from severe headache followed by prostration and paralysis of muscles, particularly those involving the eyes, the jaw and throat, and those involved with respiration. In a high proportion of cases, unless antitoxin is administered quickly, the malady has a fatal outcome, as in this sad case.

Hygienic measures employed in the commercial canning of fish, poultry and animal meat are so rigid that such sources are extremely uncommon. Home-bottling or canning, where the necessary temperatures cannot be attained, are far more common culture

media for the anaerobic saprophyte to luxuriate and breed. Eskimos sometimes become victims of this fell complaint, not because they bottle food but because they seem to prefer the richer flavour of seal-meat weeks or months old and do not dislike the stink which usually accompanies putrefaction, particularly where anaerobic microbes are dwelling.

Setting aside the nine-day wonder, there are many more organisms which, if eaten by man, cause moderate to severe illness. It has been estimated that not less than 85 per cent of food-poisoning in Britain can be attributed to organisms belonging to the *Salmonella* group. These organisms live normally in many animals and may invade man from a variety of sources. Commonest is improperly cooked meats (particularly when in processed forms); then, secondly, where properly cooked meats, etc., are exposed to rodent-droppings. Subsequent reheating may well please the organisms. Yet another not uncommon source is duck eggs. It is claimed that the latter will be rendered harmless if boiled for 15 minutes, but the result can hardly be as tempting as a four-minute hen's egg. And there are other sources because *Salmonella* is so common. Nonetheless, proper hygiene will eliminate the risk.

When cases do occur, they are frequently multiple simply because, if an entire party of people has pieces of, say, contaminated ham and egg pie, then a majority will suffer. The incubation period is from 12 to 36 hours. Then the sufferer is seized with severe abdominal pain, vomiting and diarrhoea, accompanied by fever. A great and, were such a thing possible, are usually confined to the very microscopically much amused.

old and weak who cannot stand the dehydration resulting from the malady.

Probably the second most common form of food-poisoning is that caused by the toxin of *staphylococcus aureus*, the commonest pathogen in boils. Nobody handling food for others or even himself should ignore such a skin lesion as the result may be most unpleasant. The incubation here is very short—only one to six hours—after which the patient suffers a sudden onset of nausea, vomiting, abdominal pain and considerable prostration. One clue as to the cause is that patients are not febrile; indeed, a sub-normal temperature is more common.

Following these two common causes of food-poisoning come an innumerable and motley crew of trouble-makers including poisonous fungi, shell-fish or watercress contaminated by sewage. But if one really becomes obsessed with the subject, one is filled with amazement how very rarely we suffer from any of these injurious poisons considering the great array of hazards surrounding us.

Poisonous

Naturally, some of them can kill; but I have a notion that, in darker days, when bacteria were unheard of, more unhappy folk were killed less directly. Important personages in medieval times were in constant fear of poisoning by friends or enemies. And one wonders just how many innocent guests at a party, where staphylococcal soup was served, were accused and executed, leaving the responsible microbes healthier than ever; and, were such a thing possible, are usually confined to the very microscopically much amused.

This announcement appears as a matter of record only

July, 1978

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Monday August 21 1978

Mr. Smith's conditions

THE POSSIBILITY of an all-party conference to resolve the future of Rhodesia is once again being entertained in Salisbury. It is a development which should provide a chink of light in the unremitting gloom which has recently pervaded the Rhodesian capital. The more flexible attitude towards all-party talks—it can be put no more strongly than that—adopted by Mr. Ian Smith in his latest statements encourages the hope that one final attempt may yet be made to reach a compromise solution between the warring factions in the country. The joint leaders of the Patriotic Front guerrilla forces, Mr. Nkomo and Mr. Mugabe, have also repeated their willingness to attend a conference. Only Bishop Muzorewa and the Rev. Sithole, of the principals who attended the ill-fated Geneva conference, have yet to be persuaded to relax their opposition.

Security

Thus far, therefore, the delicate Anglo-American diplomacy of recent months—more a policy of wait-and-see than any positive programme—would appear to be succeeding. The danger is that it may be too late.

The essential problem is how to avoid a repeat of the abortive discussions in Geneva. One can be sympathetic with the sentiment expressed by Mr. Smith last week of being "a little on our guard that we could go to something that could turn out to be a farce." That is exactly what such a conference will be if there is no genuine negotiation on substantive issues. Yet there is no sign of movement on either side on the two major problems areas of the Anglo-American settlement proposals—the composition of the security forces and the allocation of political power during the transition to majority rule.

While Mr. Smith declares that he will not attend any conference where the disbandment of the existing security forces is on the agenda, the Patriotic Front leaders are adamant that they must be accorded primacy in the transitional period. In order to force any real negotiation, the conference convenors need a stalemate between the opposing sides. But if that ever were the situation, it no longer seems to be so.

Mr. Smith's apparent change of heart towards an Anglo-American conference must reflect his realisation that the internal settlement he negotiated with Bishop Muzorewa, Mr. Sithole and Chief Chirau cannot of itself end the war and get sanctions lifted. It is a clear admission of weakness, which is why the Bishop and Mr. Sithole are still so unwilling to attend. The Patriotic Front, on the other hand, although still suffering heavy casualties in the war, is increasingly confident of its ultimate success. Mr. Nkomo has made it clear that his position has hardened substantially in the course of the summer. Western refusal of recognition to Mr. Smith's settlement has helped to force him back to the conference table, but the West has no such power over the guerrilla forces. Although the presidents of the African front line states undoubtedly want a peaceful solution and have used their good offices to keep Mr. Nkomo and Mr. Mugabe prepared to attend a conference, their powers of persuasion are dwindling as the Patriotic Front sees its military position improve.

Division

An agreed solution from the conference would therefore most probably prove even more favourable to the guerrillas than were the original Anglo-American terms. The only alternatives Mr. Smith can hope for are either a division in the PF ranks—with Mr. Nkomo joining the internal government in a leading role—or a breakdown at the conference which he can blame on the intransigence of the external forces, thus giving him ammunition to argue once more for Western recognition of his own settlement.

Neither Mr. Nkomo nor Mr. Mugabe can want a protracted struggle in which either of them could be displaced by a military rather than a political leader. Moreover, the danger of a further civil war between their respective armies is real. The hope must be—and at this late stage it can only be a faint one—is that the Patriotic Front leaders will see the advantages to themselves of a relatively orderly transition to majority rule, without a mass exodus of whites, and that they will be willing to make some concessions for the sake of bringing the war to an end.

The case for funding

IT IS certainly true that some immediate savings in public expenditure might be made if the minority of public sector pension schemes which are presently funded were to be run on the same pay-as-you-go basis as the rest. It may also seem illogical that, merely because of historic reasons, the pensions of local government officials should be funded whereas those of civil servants are not. But the Commons Public Accounts Committee was treading on shaky soil last week when it described as anachronistic the retention of the funding principle for pension schemes in the nationalised industries.

Assurance

The committee's comment was occasioned by the very heavy cost to the Exchequer of funding British Rail's pension fund deficiency. This was estimated in 1975—a final estimate is to be made next year—as likely to total at least £1,100 over the 12-year period to 1988. Given the controversial nature of some of the fund's recent purchases, the fact that neither Parliament nor the Government has any control over how these moneys are invested could be held to raise major issues of accountability, as the committee says. But the circumstances which led to the decision to place on the taxpayer the burden of topping up the BR pension fund were exceptional. They do not undermine the general case for funding.

It is true that the security argument may seem to hold less force in the case of a State industry pension scheme. The funding of pensions in the private sector gives employees an assurance that their pensions will be paid even if the business disappears. This is why the funding and actuarial solvency of pension schemes and the observance of certain limits as to the proportion of a funded scheme which may be invested internally in a business are conditions for contracting out for private occupational pension schemes.

But state industry pensions are not actually government guaranteed. If they were, the guarantees would have to be accompanied by the resumption of government control of pension benefits, which was given up some years ago. And, while it seems likely that most of the utilities like electricity and the Post Office will remain with us for some considerable time yet, there can be no certainty, particularly in the case of State ownership in manufacturing industry.

Furthermore, the true cost of uprating benefits in a pay-as-you-go system do not show up immediately and so prices, profits, and the apparent return on capital will all fail to reflect the true costs of current production. The abandonment of funding for state trading bodies would thus have major economic consequences. Above all, it would mean that State enterprises which compete with companies in the private sector, as virtually all of them do in one degree or another, would not be competing on equal terms.

Irrelevant

Inflation and the low or even negative rates of return on investment which have obtained recently may have made funded schemes more costly to maintain. But this is not the only cause of the difficulties British Rail has been facing in financing its pension scheme. The other reason is that the railways' present earnings potential is made good the deficiency created by the railways' former traditional practice of funding the scheme internally. If the deficiency payments now being made by the Exchequer were not paid over separately, they would merely be added to British Rail's annual operating grant. The decision to keep a bigger railway system than rail users seem prepared to pay for is totally irrelevant to the question of how railwaymen's pensions ought to be financed.

The invasion of Czechoslovakia slowed up but has not halted the process of political and economic evolution in eastern Europe

Eastern Europe ten years after the Prague spring

By ANTHONY ROBINSON, East Europe Correspondent

WHEN MR. BREZHNEV and his politburo decided to send tanks and troops to suppress the Prague Spring uprising 10 years ago he was following a well worn tradition. His predecessors had done the same sort of thing. Stalin's immediate heirs crushed the East Berlin revolt in 1953 and Mr. Khrushchev followed their example in Budapest three years later.

Yet at the same time Yugoslavia, which was expelled from the Cominform 30 years ago, has been able to develop its own independent line under President Tito. Yugoslavia's careful attention to the strength of its armed forces, its declared intention to fight to retain its independence and the network of allies and friends it has built up through a non-aligned foreign policy, plus the obvious popularity of the regime at home have all served to deter any forcible attempts to re-establish Soviet hegemony.

The invasion of Czechoslovakia by Warsaw Pact forces under the guise of international proletarian solidarity, and the subsequent proclamation of the Brezhnev Doctrine of limited sovereignty for the socialist satellites has also stopped the gradual evolution of more clearly national brands of Communism throughout Eastern Europe.

It is significant in this connection that when bloody riots broke out in the Polish shipyards in 1970, the Soviet Union declined to respond to Mr. Vladyslaw Gomulka's appeal for comradeship assistance and decided instead to press for a political solution which brought to power Mr. Edward Gierek.

Leading role

In that case the Soviet leadership clearly did not perceive any threat to the leading role of the Communist Party. Indeed, it calculated rightly that Mr. Gierek, who strongly supported the invasion of Czechoslovakia, was both loyal to the Soviet Union and a tried and trusted party man who was more likely to canalise Polish nationalism in an acceptable fashion than Mr. Gomulka, who had clearly lost his grip.

Romania managed to get away with its refusal to join the other Warsaw Pact powers in the joint invasion of Czechoslovakia and has continued with an increasingly independent economic

and foreign policy ever since. It has refused to take sides in the Sino-Soviet ideological dispute—a course which has culminated in the present visit to Romania of Chairman Hua Kuo-feng.

What the otherwise very different regimes in Poland and Romania have in common is that neither country borders on the West. The high risk countries from the Soviet viewpoint are Czechoslovakia and the German Democratic Republic, which both have long frontiers abutting West Germany.

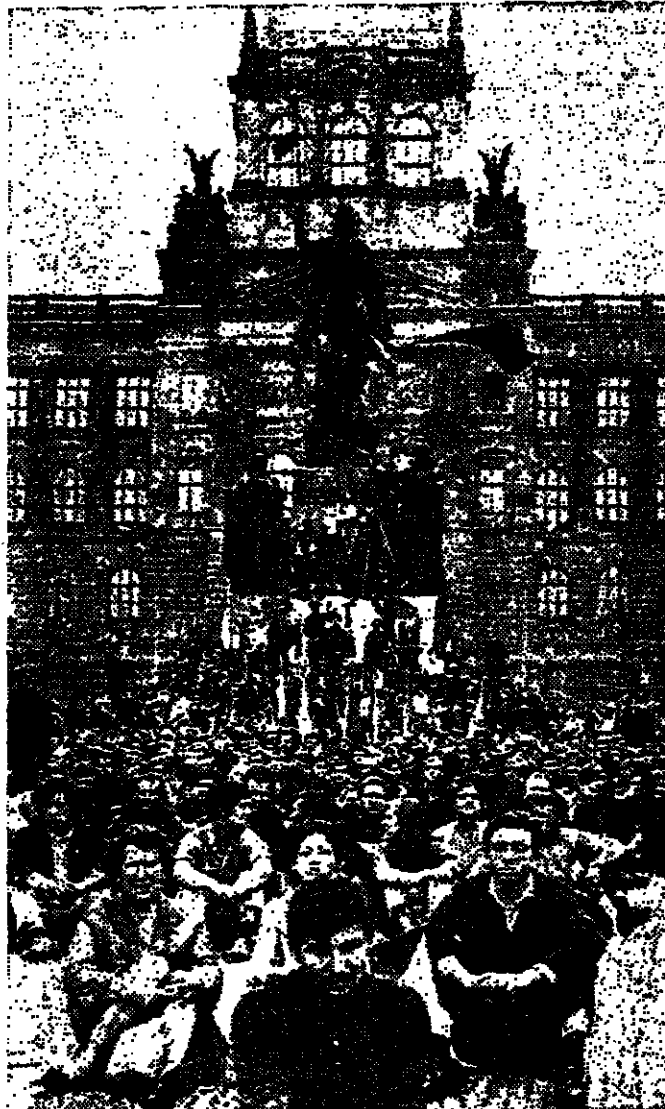
President Tito

Yugoslavia remains a grey area. The Yugoslavs make clear their own belief that the Soviet Union would like them to return to the fold, but a major effort has been made to secure the succession to President Tito and the West would almost certainly wish to maintain Yugoslav independence.

The Soviet Union distinguishes between the evolution of events in those satellite countries which are surrounded by other socialist states and those like Czechoslovakia and East Germany which share a common border with the West. This helps to explain the Soviet diplomatic offensive after 1968 aimed at guaranteeing the western borders of its part of Europe—a process which had begun with construction of the Berlin Wall in 1961.

The desire for such a "normalisation" ensured the success of the Brezhnev-Brandt Ostpolitik which paved the way for diplomatic recognition of the German Democratic Republic. That was followed by the successful Soviet effort to convene the Helsinki conference which confirmed the post-war status quo at the cost of a Soviet signature on the clauses guaranteeing human rights. Subsequent events have shown that the Soviet Union had no intention of honouring them.

Secure behind this international recognition of its hegemony in Eastern Europe the Soviet Union would almost certainly step in to repeat its 1968 performance in both Czechoslovakia and the GDR if ever it felt that events there were getting out of hand again. Neither moral protests from the West in general nor anguished cries from the Euro-Communist parties of the West would in the end deter it. Preventing such a situation developing in the first



Prague, August 1968: citizens sit before the statue of King Wenceslaus in passive protest against the occupation.

place is one of the most difficult and delicate of Soviet foreign policy objectives.

To that end the Soviet Union has fostered closer economic co-operation and integration within Comecon. This procedure was formalised by the Bucharest summit in 1971. The 1973 energy crisis played into the hands of the Soviet Union by improving its terms of trade vis a vis the rest of the bloc and increasing eastern European dependence on Soviet energy supplies. Wisely, however, the Soviet Union refrained from exploiting its windfall gain to the full. It has allowed its allies to step up trade with and borrowing from the West. It has also stepped in with economic assistance to Poland, for example in 1976, and to Czechoslovakia throughout this period. That was help that went to countries whose

slovakia confirmed was the intensely conservative nature of the collective leadership which took over power from Mr. Khrushchev in 1964. Its primary interest was, and is, to consolidate the Soviet Union as a great power and to strengthen the hold of the party which was greatly weakened by Mr. Khrushchev's denunciation of Stalinist terror at the 20th party congress in 1956 and the half-hearted and incomplete attempts at de-Stalinisation which followed.

Western reaction to the invasion showed that to a considerable degree Western leaders shared Moscow's fears of destabilisation even though on a longer term view it could well be argued that the greatest threat to stability lies in the political ossification of the Soviet regime.

The invasion of Czechoslovakia slowed up but has not halted the process of political and economic evolution in eastern Europe, but it has not helped the Soviet Union to reform its own highly centralised system.

The Politburo is still made up very largely of the same men who approved the invasion of Czechoslovakia. Now they are ten years older but apparently incapable or frightened of introducing younger men into the top leadership.

The use of military means to crush the Prague spring was followed by a continuing enlargement of the Soviet fleet and modernisation of the armed forces generally. A generation of leaders brought up in the shadow of Stalin's myriad suspicions and the trauma of Hitler's invasion continues to be afraid of encirclement.

Military strength

The build up of military strength in Europe and along the Chinese border, plus the active policy of intervention in Africa, has increased western distrust of Soviet intentions, reduced the chances that the U.S. Senate will approve of a new Salt treaty and paradoxically raised the spectre of encirclement. NATO's recent decision to step up arms spending in view of the Soviet build up in Eastern Europe, the Carter administration's decision in Mr. Brezhnev's words "to play the Chinese card," and Chairman Hua's current visit to Europe on the heels of the Sino-Japanese Friendship Treaty all have a threatening look to

Moscow. The combination of a fossilised Soviet leadership and increasing Soviet military strength is equally worrying from the western point of view.

Would the situation have evolved differently had the Soviet leadership decided not to invade Czechoslovakia but had accepted the complex political challenge of reducing the emphasis on state and party power and attempting instead a return to the origins of socialism and the dream of socialism with a human face?

Stalinist past

It is extremely difficult to conceive of any such evolution in the Soviet Union until the whole Stalinist past has been honestly faced up to and excised. The current inability of leaders is obviously unable and unwilling to do so. They are trying hard to suppress the dissident movement, which although small in numbers, is courageous and determined.

But the demands for a more open political system, for freer trade unions, for the right to hold and express unconventional views, for national self-expression and greater freedom generally will not just go away. The trials of the dissidents themselves, for all the harshness of the sentences, show that the Stalinist methods of elimination in silence are no longer applicable.

The Soviet Union, 60 years after the revolution, is an infinitely richer and more developed country. Mass education and rapid urbanisation have created a new kind of society. The political structure has demonstrably failed to evolve with anything like the same speed.

The Czech experiment showed the way in which what then was the most culturally and economically advanced country in the Soviet bloc was trying to come to terms with the times. In 1968 that was seen as a threat in Moscow. Since then several other countries in the bloc have moved gradually, and in their own way along a similar path.

Evolution within the Soviet Union itself has been much slower. Not much can be expected from the present generation of leaders. Their attempt to slow the clock, while successful for a decade, is storing up many complex problems of change and development for their successors.

MEN AND MATTERS

Balancing political figures

The Home Secretary, Merlyn Rees, was asking at the weekend who is responsible for the "vast sums of money now being given to the Tory Party by commerce and industry." His own party's research department is due to publish some figures next month which will partially answer his question.

These show that in 1977 political donations announced by some 380 companies quoted on the Stock Exchange totalled £1.4m—higher than the £1.2m announced in the previous two years, though below the £1.6m reported by companies in the election year of 1974.

The bulk of last year's money, £748,493, went directly to the Conservative Party. The balance was given to such organisations as British United Industrialists (£452,226), the Economic League (£126,959), Aims for Industry (£30,100), and several other minor groups such as The National Committee for Electoral Reform and The Scotland is British campaign.

According to Labour's figures, Rank Hovis McDougall led the field with political donations of £41,000, followed by Guest Keen Nettelford (£33,150) and Taylor Woodrow (£30,300). On a sectoral basis the main contributor was the insurance industry.

William Clark, the Tory MP for Croydon South who is a former joint treasurer of the Conservative Party, estimates that 75-80 per cent of the money given to British United Industrialists is channelled to the Conservatives. Sir Ralph Bate-man, current chairman of BUI's Council, says that BUI also contributes to such bodies as the Economic League, the National Association for Freedom and Aims for Industry.

However, Clark says that, while the Tory Party receives



about as much from industry and commerce as he estimates the Labour Party does from the Trade unions, no contributor to the Conservative cause then has the right to vote at its annual conference as unions do at the Labour Party conference. And, firing a return sally at Rees, he suggests the Labour Party's concern about company political contributions is because increasing numbers of trades unionists are opting out of the levy to the Labour Party.

Temple doors open

Life-sized cardboard cutouts of photographs of comedians Morecambe and Wise are not part of the usual trimmings outside the serene and shady lawns of the Inner Temple. But yesterday the cutouts were ensconced on the Embankment, summoning guests to a garden party which might have made a few of our lawyers' wigs stand on end.

Thames Television had managed to persuade the

Council for the Inner Temple to break 800 years of tradition and, for a modest fee, to throw open their gardens for a commercial party. The company was promoting "the wealth and variety of its autumn schedules."

Actress Diana Dors was there, taking instantaneous pictures of her fellow stars. Sooty the Bear had a water-pistol to squirt champagne at the entertainers who, Thames hopes, will be luring viewers from the BBC.

Three of this autumn's hopeful heroes of the ratings ended up with shaving soap on their heads at the Inner Temple's Head Gardener, Geoffrey Sleeman, said he was sure the laws were sufficiently resilient to withstand this and the champagne. As the 250 guests settled down to lunch and a quiet afternoon under the usually out-of-bounds plane trees he said he was "delighted" the garden had found such use.

Rail steam

The Conservatives are up in arms. "This is an extraordinary reply," they said yesterday about a letter from British Rail, accusing it of "huffing and puffing" and failing to give a worthwhile explanation.

The complaints by Norman Fowler the opposition spokesman on transport, come because of the way that British Rail has advertised in Labour Weekly and Liberal News but not in Conservative News.

The deputy chairman of the Board of British Rail, J. M. W. Bosworth, says that this is because the left of centre view was not being adequately reached as a result of previous advertisements in the nationals and unrepresentatively says British Rail wished to even out the "strong right of centre bias" in their advertising schedule. Which is an interesting precedent for a nationalised industry

and must have The Morning Star wondering whether its turn is coming.

Princely dreams

Talk of towing icebergs to the Middle East has been circulating for years but now it seems that Australian may play host before Saudi Arabia—with a Saudi prince doing the shipping.

The prince, Mohammed al Faisal al Saud, set up the company Iceberg Transport International in Paris last year. Yesterday his consultant, Dr. Charles Swinbank, confirmed that the company plans to use a friendly current or two to help tow Antarctic icebergs to western Australia. There is a ready market for fresh water there and if this venture works the plan is to start shipment to Saudi Arabia during the 1980s.

Swinbank, who is head of Earth Sciences at the British Antarctic Survey, told me that 99 per cent of the fresh water in the world is ice and 90 per cent of this is in Antarctica. "It is compacted snow, not sea water—completely pure."

One present problem is how to pick the right iceberg. A former member of the Scott Polar Research Institute in Cambridge, Dr. Gordon Oswald, is now working on the low frequency radar necessary to make sure the icebergs are stable. Another difficulty is how to melt the icebergs once they are parked off the Australian continental shelf.

But the real problem is the whole scale of the operation. The chosen frozen ones will be about 3,000 yards long and 1,000 yards wide. They have to be less than 200 yards deep otherwise they cannot be brought close to shore. But there is no question of finding a harbour large enough to contain them. As for their weight this will be of the order of 600m tons.

Observer

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Quality in an age of change.

Lord Grade: more than a fat cigar

BY JAMES BARTHOLOMEW

N ALL the future over the Saturday Night Fever. But Lord Grade is, as ever, optimistic. "I believe in the law of averages," he says. "One of these has to be a blockbuster."

The British public is so used to being told what a miserable state our film industry is in that it comes as a surprise to have a genuine movie mogul on its hands. Like the audience at a magician's show, one wonders, "How on earth did he do it?" Lord Grade, despite the photos, did not do it by sticking an outside cigar in his mouth and talking big, although the effect is calculated and helps. Nor did he do it by paying himself £210,000 a year and revealing that he spends more on smokes than most people earn.

The truth begins with long experience of the entertainment business and particularly television. Lord Grade has built up a wealth of contacts and knowledge. The problem in setting up a film company is primarily financial. A medium budget film costs \$5m to \$7m. There is a good chance that it will be a total flop. That is why most Boards of British companies give films a wide berth.

But ATV has had the advantage that its programmes made for television are already well known to the major U.S. networks. Programmes like The Saint long ago established ATV as a company which could produce commercial fare. The contacts and credibility which television programme production gave ATV, now enable it to sell its films to the U.S. networks before the cameras start rolling.

ATV is normally able to cover 60 per cent or more of the costs of medium sized film from advance sales of TV and distribution rights on the basis of its own reputation and the reputations of the director and stars. About half of this is paid before the film is finished, the other half is in firm undertakings. In this way the cash outlay is reduced and the risk borne by ATV is down to less than two-fifths of the cost. The money which is committed is due from television companies and is therefore a good banking security.

Since each film requires less financial exposure from ATV the company can afford to make more. This further reduces the risk since ATV's eggs go into many baskets.

On top of this ATV tried to tie up outlets for its films by entering a partnership with General Cinema Corporation, a cinema chain. But the arrangement came close to breaking U.S. anti-trust laws. In any case Lord Grade did not like having to consult another company before giving the go-ahead to new projects. He wants to make his decisions fast, and believes that agents, directors and the rest appreciate it. "They come to me and in two sentences they tell me the story and if I like it I say 'It's a deal'."

Lord Grade is the first to

admit he does make mistakes in picking films. He was strongly behind a policy of making "A" certificate adventure films for a worldwide market. These have had a mediocre response and some, like Voyage of the Damned, simply flopped. His greatest success, Return of the Pink Panther, was not a film he had much hope for and he does not have a business interest in the successful follow-ups.

But Lord Grade's ability to obtain and reinforce outstanding success has been shown in the unlikely duo of television hits,

Jesus of Nazareth and The Muppet Show. Jesus of Nazareth was sold to an American network for \$25m and has been turned into a film for exhibition worldwide except for the U.S., Britain and Italy, where the television networks will keep it for themselves indefinitely. The Muppet Show was a secondhand property that the previous owner thought was played out. It has now been shown all over the world and a feature film is on its way.

Lord Grade says he has learned a lot in the past four years. The most important things to get right are the words, the producer and the director, he says. The stars do not seem to be so important.

The main thing is to get a good director. "It doesn't matter how much you pay him," he says, "you have got to get the talent." To emphasise the point he tells how he asked Franklin J. Schaffner to make a film for him. He told Schaffner to look through his store of film rights, pick any one that he liked, Lord Grade would arrange the finance. The result is The Boys from Brazil.

Despite all the glamour, some people still want to know what it looks like on the bottom line of the accounts. The answer depends on a whole series of assumptions. Using a broad brush, the capital employed on films is almost entirely borrowed. This is made possible by guarantees from the rest of the group.

Borrowed money for film production last year rose from about £10m to £22m, say an average of £16m. The profit was £3.3m, or £3.9m if the interest charge is added on. This gross profit of £3.9m on capital employed of £16m is a return of

24 per cent. Not a spectacular return, but good.

The stock market is nervous about profits from films. Hedderwick Stirling Grumbar, the stockbroker told investors to consider selling ATV shares a couple of years ago in view of the company's commitment to the "volatile area of film production." The broker referred to "the above average risk factor."

Lord Grade has always denied that it is risky, and Hedderwick

effect that a valuable property like Jesus of Nazareth is now completely written off and appears to have no value in the balance-sheet, whereas a less successful venture will appear as having a value because it is taking a few years to cover its costs. ATV is to change its accounting to the American method which brings in the profits earlier.

In the U.S. investors are also nervous of film company earnings but less so than they used to be. Several of the studios have had really big hits which have transformed their liquidity. They have also gone in for the technique of pre-selling their films although not quite to the degree which ATV has. Simultaneously the American film market has been extremely buoyant, and Mr. Harold Vogel, entertainment analyst at Merrill Lynch, expects real growth in box offices of about 10 per cent this year. The prosperity of television at the moment also helps because the TV companies are able to pay more for film-showing rights.

One blockbuster can make \$50m to \$100m at a stroke. This is the bulls eye Lord Grade is aiming for. The low risk strategy is designed to enable him to have as many throws as possible while letting the law of averages do the rest.

The main danger is a series of flops. ATV would not lose much money as a result but the vital credibility which enables Lord Grade to pre-sell the films and re-shown ad nauseam all would be damaged. Conscious of this he produces a healthy number of prestige films. Although a commercial success can never be guaranteed, the costs have been completely covered, from which point it is Ingmar Bergman and Franco Zeffirelli is gift edged.



Lord Grade: "You have got to get the talent."

Trevor Humphries

ATV CORPORATION

Assets of Film and Music Rights, Recorded Programmes, Licences and Scripts.

	£ 7.6m
1973	
1974	£ 9.5m
1975	£14.1m
1976	£19.8m
1977	£16.2m
1978	£16.3m

Letters to the Editor

Lobbying in the EEC

From Mr. G. Tucker

Sir—David Buchanan's article on lobbying (August 16) is by far the best and most intelligent assessment of this subject that I have yet read.

I wholeheartedly agree with him that the need to lobby the EEC institutions has never been greater. For the EEC is having an increasing influence through its laws and regulations over our lives and business. And I agree that the EEC represents an infinitely greater challenge because of the very complexity of its institutions and regulations. In my experience, a good many British companies find this daunting and discouraging. Because of this attitude, we have lost opportunities and failed to exploit fully the many chances for trade with the various countries represented in the Lomé Convention, the Arab world and developing nations. On the other hand, we have not always lobbied effectively against the siltier forms of harmonisation or combatting the stream of pressures from pressure groups inimical to our business interests.

Admittedly, EEC-watching is a very taxing business, especially for those companies that are not either on the big committees or in the presence in Brussels. The EEC pours out vast amount of information and this needs careful sifting, evaluation, checking and re-checking for accuracy. But this is not enough. I agree with Mr. Oliver Kemp, the British Steel representative in Brussels, about the vital importance of daily personal contact. Without constant access to the officials of the EEC, you do not know what is actually happening, and, even more important, what is going to happen. Such forward intelligence is vital if a company is to know what decisions are likely to be made that will affect it so it has time to do something about it.

It is all the more disappointing, therefore, that many British companies do not seem to be interested in the Americans or Japanese in what is going on within the EEC and how it bears upon their business. In cases where there have been howls of anguish about a decision taken or an opportunity lost, the fault often lies with those who have either not seen it coming or who have badly presented their case to the wrong people. That I would submit, is neither good for the EEC nor for Britain.

G. Tucker

47, Essex Street, WC2.

Lethal to animals

From Mr. R. Hedge

Sir—I am quite sure that all those interested in conservation will be shocked and alarmed to learn from Mr. Robin Lane Fox (August 16) that a new herbicide has been marketed by Monsanto Chemicals under the name of "Round Up". I do not doubt that the herbicide is everything that the manufacturer claims but has masked sunk to such depths that by using this product we put at risk bird and animal life generally. Indeed, Mr. Robin Lane Fox states that for a period of 24 hours or so after application the herbicide is so lethal that it "would poison any cat in the orchard".

For the time being control appears to be in the hands of farmers, but the time is not far distant when irresponsible neigh-

bours throughout the country will join together to purchase a can of this expensive chemical and the effects on animal life in particular may well be catastrophic.

On the facts as reported this product should not only be controlled it should be banned forthwith.

Ronald Hedge, Grand Side, Cleveford Road, Worcester Park, Surrey.

Regulating engineers

From the Secretary, The Institution of Electrical Engineers

Sir—Peter Mason, a Past President of the Institution of Structural Engineers, supports (August 14) the view of the Institution of Electrical Engineers (IEE) that the standard of qualification of professional engineers needs to be raised, but comments on its advocacy of statutory regulation of the engineering profession that he "cannot support" the IEE's desire for the degrading band of bureaucracy. Who on earth said we wanted that?

Can Mr. Mason have actually read my letter (August 4) to those companies that are not either on the big committees or in the presence in Brussels. The EEC pours out vast amount of information and this needs careful sifting, evaluation, checking and re-checking for accuracy. But this is not enough. I agree with Mr. Oliver Kemp, the British Steel representative in Brussels, about the vital importance of daily personal contact. Without constant access to the officials of the EEC, you do not know what is actually happening, and, even more important, what is going to happen. Such forward intelligence is vital if a company is to know what decisions are likely to be made that will affect it so it has time to do something about it.

G. F. Galsborough, Savoy Place, WC2.

Qualifications and experience

From Mr. G. Woly

Sir—The correspondence on the status of engineers shows a remarkable short-sightedness on the part of some of your correspondents.

If I, or any other member of the public, need medical treatment we know that a doctor with a name on his surgery door saying MD is indicating that he is a member of a qualifying body and he is not allowed to prescribe medicines unless he is so qualified. I, or any other member of the public, however, can set up an office, put a name on the door and call myself a consulting engineer without any qualifications whatsoever.

It is not about time that the professional institutions and the Universities combined to ensure that no unqualified person practices as an engineer. The professional bodies are likely to realise that their duty to the public, which they themselves and their members lay down in their ethical codes also extends to seeing that persons not bound by the ethical code should not practice. If registration was achieved there would be the immediate problem of extremely experienced, unqualified engineers who are practising today and whose standards of conduct are just as good as those of members. Doctors, nurses, den-

tists and legal practitioners had this problem and solved it by admitting into membership non-qualified practitioners of adequate standing and the problem resolves itself in one lifetime.

Association of Professional Scientists and Technologists, 14, Harley Street, W1.

Lord Grade's pay rise

From Mr. A. Jacobs

Sir—Does Lord Grade realise what a disservice he is doing to UK executives who are earning more than £25,000 a year, when he states that he does not think the 53 per cent marginal rate of income tax is unreasonable?

Lord Grade's tax position differs greatly from executives who are working full time in the UK. On his UK published earnings of £30,000 he will be left after tax with about £17,000. His reported increased earnings of £150,000 will not leave him after tax an additional £25,500 as one would imagine, but most likely a further £56,625 making his total after tax income about £73,500. So that even his average rate of income tax on this large income will be seen to be just 65 per cent.

This arises because those executives working overseas for a substantial part of the year and whose earnings are wholly attributable to work carried out overseas (as I am sure Lord Grade's), are entitled to have 25 per cent of such income free of tax resulting in a marginal rate of income tax of only 52.25 per cent. Compare this situation with a UK executive earning £25,000 who would have an after tax increase of 14 per cent in line with the general increase in current earnings. He would require an increase of £9,000 or no less than 36 per cent of his remuneration, and there is not the slightest chance of executives obtaining such an increase. Undoubtedly higher paid UK executives would be eternally grateful to Lord Grade if he would be willing to assist those who are seeking a maximum marginal rate of tax of 60 per cent or even Lord Grade's marginal rate of 62.25 per cent.

Anthony Jacobs, (Liberal Taxation Panel), 20, York Terrace West, NW1.

Printed circuit boards

From Mr. P. Breen

Sir—Mr. Sweeney claims (August 7) to represent in his report on printed circuit boards in the UK "the attitudes and perceptions of the printed circuit board (PCB) industry's own customers" and to have concluded from the annual accounts of all the major UK PCB companies that "... no industry can survive in these conditions".

Representing one of the largest PCB manufacturers and exporters in the UK and as a wholly owned subsidiary of STC (a British company of IIT), I consider that my company is relatively well informed as to the state of the market and industry both in the UK and abroad. I per cent by the end of 1978 would like the headline have read "Still higher inflation quoted in BM do not differentiate between unpopulated PCBs—the subject of the Larsen Sweeney Report—and populated PCBs which carry the added value of high-cost components and assembly."

With the advent, in the 1970s, of international rationalisation of manufacture and assembly (electronics through to motor vehicles) the incidence of the importation of such high-value populated boards has significantly increased and will continue to do so. Small wonder, therefore, that the "imports" quoted in the report have risen from 9 per cent in 1970 to 38 per cent in 1977. But, these statistics and the trends indicated do not relate to unpopulated PCBs which by implication must only account for a small proportion of any import statistics.

Turning to Mr. Sweeney's conclusions from the annual reports of all the major companies without discussion with any of these companies "because of the possibility that sales promotion might distort the fact". These reports, by definition, will only have been available from official sources and relate to 1976-77—which was a year of minimum activity in the UK components industry. Again, no surprises that some of the accounts showed depressingly low returns.

The electronic components industry is a fast-moving, fast-changing business (yet, three months ago had heard of microprocessors?). If Mr. Sweeney cared to update himself on the situation of the major UK PCB manufacturers today he would find a different story.

His technical capability is recognised as among the best in Europe. To estimate the level of automation now taking place in the UK to be two-three years ahead of the U.S., and proposed capital investment will ensure that this situation is maintained. That PCB technology innovation in the UK is going from strength to strength was evident at the world printed circuit convention held in London last June, and is endorsed by satisfied customers including some of the world's most advanced electronic equipment manufacturers—in computers, avionics and aerospace.

That there is numerically a large number of smaller companies, who, per se, cannot afford the high level of capital investment inherent in maintaining a high-technology capability, is unconnected with a different market place and they do not represent more than a tiny share of PCB output in the UK.

The major UK PCB manufacturers are well aware of the international environment in which they operate—and we are determined that the UK industry must remain in it. Peter R. Breen, Director and general manager, Exotic Circuits, Sharnbrook Toll, Selkirk, Scotland.

Reflating inflation

From Mr. B. Lindsay-Fynn

Sir—On your front page of August 16 you carried a headline "Reflation urged to combat threat of output stagnation." As the UK is already inflating at an annual rate of between 7 per cent and 8 per cent and the National Institute of Economic and Social Research forecast 1 per cent by the end of 1978, would it not be better to read "Still higher inflation urged to combat threat of output stagnation?" Doubt must be expressed whether still higher inflation would in fact increase national output. The recent experience of inflation rates between 15 per cent and 30 per cent annum does not support the suggestion and declining inflation rates do not appear to have reduced the GNP.

B. M. Lindsay-Fynn, 64, Avenue Road, NW8.

Today's Events

GENERAL

Mrs. Margaret Thatcher, Conservative Party Leader, tours marginal constituencies in North Kent.

Measures in force from today for 28 per cent cutback in Irish Sea herring fishing.

First American F-11 fighter bomber arrives in UK for launch of Elm maintenance deal, British Aerospace, Filton, Bristol.

New session of United Nations Conference on Law of the Sea opens in New York.

Trades Union Congress finance and general purposes committee meets, Congress House, London.

Ministerial Conference of Asian Countries begins in New Delhi; discussions will include blueprint for greater regional co-operation.

John West, the company at the centre of the salmon poisoning scare, starts selling its stock of salmon from Canada and Japan.

Chairman Hua Kuo Feng, Chinese head of state, begins visit to Yugoslavia.

Sir Peter Vaneek, Lord Mayor of London, on official visit to Latin America to promote British trade with the region.

Israeli Spring-Summer Fashion Week opens at Jerusalem Hilton.

Chinese iron and steel buying mission continues visit to Australia.

Edinburgh International Festival Zealander's Under 19 Test, September 10).

and the Military Tattoo continue (until September 9).

OFFICIAL STATISTICS

Turnover of the motor trades (second quarter).

COMPANY MEETINGS

See Week's Financial Diary on Page 4.

BALLET

London Festival Ballet begins new season with Swan Lake, Royal Festival Hall, SE1, 7.30 p.m.

MUSIC

Wilfred Rogers (organ), St. Michael, Cornhill, EC3, 1 p.m.

SPORT

Crick: Worcestershire v New Zealanders. Under 19 Test, September 10).

England v West Indies. Arundel.

Golf: British Boys' Championship, Seaton Carew. British Girls' Championship, Largs. Bowls: English Men's Championship, Woking.

EXHIBITIONS

Historical development of heraldry in Britain from its 12th century origins, British Museum, WC1 (until August 27).

George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 3).

Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 28).

Sir Gilbert Scott centenary exhibition, Print Room Galleries, Victoria and Albert Museum, South Kensington, SW7 (until September 10).

NOTICE OF REDEMPTION

RELiance WORLD TRADE COMPANY LTD. (formerly Leasco World Trade Company Ltd.)

This Notice Contains Important Information for All Holders of 5% Guaranteed Convertible Debentures Due 1988 of Reliance World Trade Company Ltd. (formerly Leasco World Trade Company Ltd.)

NOTICE IS HEREBY GIVEN that the entire outstanding principal amount of the above issue (hereinafter the "Debentures") will be redeemed on September 25, 1978 (the "Redemption Date"). The amount payable on redemption is \$1028.89 per \$1,000 principal amount of each Debenture (\$1015.00 plus interest accrued to the Redemption Date). This action is being taken pursuant to the provisions of Section 3.02 of the Indenture dated as of June 15, 1968 among Leasco World Trade Company Ltd. (now Reliance World Trade Company Ltd.), Leasco Data Processing Equipment Corporation (now Reliance Group, Incorporated), Guarantor, and Bankers Trust Company as Trustee (the "Indenture").

The redemption payment will be made at the office of Bankers Trust Company and at the offices of the Paying Agents indicated below. From and after the Redemption Date, the Debentures shall no longer be deemed outstanding and interest thereon will cease to accrue.

In accordance with the provisions of the Indenture, the Debentures are convertible into shares of Common Stock of Reliance Group, Incorporated at a conversion price of \$40.80 per share. This right of conversion will expire at the close of business on Monday, September 25, 1978. Thereafter, the Debentures may not be converted into such Common Stock. No payment or adjustment in respect of accrued interest shall be made on the conversion of any of the Debentures. If the entire outstanding principal amount of the Debentures were to be converted into Common Stock of Reliance Group, Incorporated at the above-stated conversion price, such conversion would involve the issuance of approximately 310,000 shares of such Common Stock.

Holders of Debentures should be aware of the following:

(1) On August 11, 1978, the reported closing sale price on the New York Stock Exchange of Reliance Group, Incorporated Common Stock was \$35.625 per share. At \$40.80 per share, \$1,000 principal amount of Debentures would be converted into 24.5 shares of Reliance Group, Incorporated Common Stock having a value of \$872.81.

(2) It is suggested that holders consult with their tax advisers as to the tax effect of the redemption and conversion discussed above.

Debentures, together with all coupons appertaining thereto and maturing after the Redemption Date, should be presented and surrendered for payment of the redemption amount or for conversion into Common Stock, as follows:

Paying and Conversion Agent

Mail: Bankers Trust Company, Corporate Trust Division, P.O. Box 2579, Church Street Station, New York, New York 10008.

Hand Delivery Only: Bankers Trust Company, Receipt and Delivery Section—Level A, 1 Bankers Trust Plaza, Between Greenwich and Liberty Streets, New York, New York.

Additional Paying Agents

Banque Bruxelles Lambert S.A., 2 Rue de la Regence, 1000 Brussels, Belgium.

Pierson, Holding & Pierson, 206-214 Herengracht, Amsterdam, The Netherlands.

Berliner Handels-Gesellschaft, Frankfurt Am Main, Bockenheimer Landstrasse 10, 6 Frankfurt, West Germany.

Credit Commercial de France, 103 Avenue Champs-Elysees, Paris, France.

Banca Commerciale Italiana, Piazza della Scala, Milan, Italy.

Bankers Trust Company, 9 Queen Victoria Street, London, EC4A 3DB London.

Also Conversion Agent: Banque Internationale, 2 Boulevard Royal, Luxembourg, Luxembourg.

Also Conversion Agent:

If you elect to convert your Debentures, the Debentures should be delivered to or sent by registered mail or its equivalent to the offices of Bankers Trust Company or the offices of the Conversion Agents indicated above prior to the expiration of the conversion right at the close of business on Monday, September 25, 1978, indicating your election to convert on the reverse thereof with an endorsement dated and signed by you. If the shares of Common Stock to be issued on conversion are to be registered in a name other than yours, so indicate and have your signature guaranteed by a banking institution. Fractional shares of Common Stock will not be issued on conversion. Reliance World Trade Company Ltd. or Reliance Group, Incorporated hereby elects, pursuant to the Indenture, to pay a cash adjustment in respect of fractional interests based on market price of the Common Stock as of the last business day preceding the date on which a Debenture is surrendered for conversion.

If you have any questions about the meaning of this Notice or the most advantageous way for you to respond to it, it is recommended that you consult your banker, broker or attorney.

RELiance WORLD TRADE COMPANY LTD. RELiance GROUP, INCORPORATED, Guarantor, 919 Third Avenue, New York, New York 10022.

Saul P. Steinberg, Chairman of the Board.

FT SHARE INFORMATION SERVICE

ENGINEERING—Continued

Dividends Paid	Rate	Price	Last in	Div Net	Cov	Y Gr
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WT	Dividends Paid	Stock	Price	Last	No. Shts.	Yr.	Yr.
78	June	Fishan Pallet 10s	91	10 7/8	15.68	11	47
78	June	Blacker & Hodges	62 1/2	78	12.27	7	47
78	Apr. Sept.	Worms E&Z 10s	63 1/2	24 7/8	1.36	11	47
78	June	Doyle & Sullivan 10s	17	17 1/4	11.11	11	47
78	June	Doyle & Sullivan 10s	17	17 1/4	11.11	11	47
78	Jan. Oct.	Worms Hill 10s	122 1/2	24 7/8	1.35	5	5
78	Jan. July	Brooklyn 10s	33	47 1/2	40.53	6	5
78	Jan. July	B'house Duol 10s	53	10 7/8	3.7	2	6
78	April	Brush Channel	6	24 7/8	10.26	9	5
78	July Dec.	British Northrup	86	15 1/2	6.09	3.2	10
78	June	Br. Steam Ship	92 1/2	28 1/4	14.75	22	8
78	Jan. Aug.	Brookhouse	66	28	13.61	25	8

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September	Adols Int. 10p	48	107	0.68	5.5	2
	Burol 1.1 Fr. 10p	E27	775	72.25	29	5

[illegible]

Oct LAJL	111	133	6.18	Φ	8
June AGB Research	134	247	3.75	Φ	3
	72	127	2.5	Δ	7

Oct	1	Arrived in New York	10:00	NYC	
Oct	2	Left New York	10:00	NYC	
Oct	3	Arrived in New York	10:00	NYC	
Oct	4	Left New York	10:00	NYC	
Oct	5	Arrived in New York	10:00	NYC	
Oct	6	Left New York	10:00	NYC	
Oct	7	Arrived in New York	10:00	NYC	
Oct	8	Left New York	10:00	NYC	
Oct	9	Arrived in New York	10:00	NYC	
Oct	10	Left New York	10:00	NYC	
Oct	11	Arrived in New York	10:00	NYC	
Oct	12	Left New York	10:00	NYC	
Oct	13	Arrived in New York	10:00	NYC	
Oct	14	Left New York	10:00	NYC	
Oct	15	Arrived in New York	10:00	NYC	
Oct	16	Left New York	10:00	NYC	
Oct	17	Arrived in New York	10:00	NYC	
Oct	18	Left New York	10:00	NYC	
Oct	19	Arrived in New York	10:00	NYC	
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Oct	23	Arrived in New York	10:00	NYC	
Oct	24	Left New York	10:00	NYC	
Oct	25	Arrived in New York	10:00	NYC	
Oct	26	Left New York	10:00	NYC	
Oct	27	Arrived in New York	10:00	NYC	
Oct	28	Left New York	10:00	NYC	
Oct	29	Arrived in New York	10:00	NYC	
Oct	30	Left New York	10:00	NYC	
Oct	31	Arrived in New York	10:00	NYC	
Nov	1	Left New York	10:00	NYC	
Nov	2	Arrived in New York	10:00	NYC	
Nov	3	Left New York	10:00	NYC	
Nov	4	Arrived in New York	10:00	NYC	
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Nov	6	Arrived in New York	10:00	NYC	
Nov	7	Left New York	10:00	NYC	
Nov	8	Arrived in New York	10:00	NYC	
Nov	9	Left New York	10:00	NYC	
Nov	10	Arrived in New York	10:00	NYC	
Nov	11	Left New York	10:00	NYC	
Nov	12	Arrived in New York	10:00	NYC	
Nov	13	Left New York	10:00	NYC	
Nov	14	Arrived in New York	10:00	NYC	
Nov	15	Left New York	10:00	NYC	
Nov	16	Arrived in New York	10:00	NYC	
Nov	17	Left New York	10:00	NYC	
Nov	18	Arrived in New York	10:00	NYC	
Nov	19	Left New York	10:00	NYC	
Nov	20	Arrived in New York	10:00	NYC	
Nov	21	Left New York	10:00	NYC	
Nov	22	Arrived in New York	10:00	NYC	
Nov	23	Left New York	10:00	NYC	
Nov	24	Arrived in New York	10:00	NYC	
Nov	25	Left New York	10:00	NYC	
Nov	26	Arrived in New York	10:00	NYC	
Nov	27	Left New York	10:00	NYC	
Nov	28	Arrived in New York	10:00	NYC	
Nov	29	Left New York	10:00	NYC	
Nov	30	Arrived in New York	10:00	NYC	

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Mar.	Sun.	Code lot	137	37	4.77	3.6	5.2
Jan.	Oct.	Laurence Sorel	104m	17	18.5	5.0	5.2
May	Jan.	Laurence Sorel	75	18	5.0	4.6	5.2
Jan.	July	M. S. Electric	250	107	5.0	4.6	3.9
Jan.	July	Muirhead	192	30.5	15.08	3.6	3.9
Jan.	July	Newman Louis	86	30.5	5.08	3.7	4.8
Mar.	Oct.	Newman Louis	210	30.1	6.76	3	4.9
July	Jan.	Norwood Ed. 2p.	102	12.2	12.2	14.4	14.4
Jan.	July	Orin	125	13.2	14.4	14.4	14.4
Jan.	July	Petbow Hilde lip	120	16.2	10.38	3	5.2
May	Dec.	Philips Fin. 2p.	9342	15.2	15.2	10.9	10.9
Dec.	May	Philips Fin. F10	9595	12.3	91.7%	2.0	4.6
Apr.	Oct.	Pinto Rides 2p.	102	17.4	3.01	3	4.5
Apr.	Oct.	Pinto A 25p	102	17.4	3.01	3	4.5
July	Apr.	Pinto	100	17.4	3.01	3	4.5

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May	Nov	Adm Group	275	1.7	10.15	2.3	5.5
		Alone Alum.	176		18.05	2.3	5.5
Nov.	Feb.	Allen D. Balfour	52	0.7	4.40	1.7	12.6
Jan.	July	Allen D. Balfour	52	0.7	4.40	1.7	12.6
Feb.	Aug.	Allen D. Balfour	52	0.7	4.40	1.7	12.6
Jan.	July	Allen D. Balfour	156	2.3	5.36	2.4	7.2
Feb.	Aug.	Allen D. Balfour	156	2.3	5.36	2.4	7.2
Oct.	May	Anderson, Sydney	28	0.4	2.64	2.7	5.2
		Anderson, Sydney	28	0.4	2.64	2.7	5.2
Jan.	July	Anderson, Sydney	131	1.7	6.73	2.8	7.2
		Anderson, Sydney	131	1.7	6.73	2.8	7.2
Jan.	July	Aschmann, Liza	27	0.4	2.64	2.7	5.2
		Aschmann, Liza	27	0.4	2.64	2.7	5.2
Jan.	July	Aschmann, Liza	27	0.4	2.64	2.7	5.2
		Aschmann, Liza	27	0.4	2.64	2.7	5.2
Mar.	Sept.	Austin James	102	1.4	5.95	2.8	7.2
Dec.	May	Austin James	102	1.4	5.95	2.8	7.2
Nov.	Feb.	Avery, R.	126	1.6	6.73	2.8	7.2
		Avery, R.	126	1.6	6.73	2.8	7.2
Jan.	July	Baker, R. & W.	6	0.1	2.77	0.21	0.7
Feb.	Nov.	Baker, R. & W.	115	1.6	6.73	2.8	7.2
Apr.	June	Barnes, S.	20	0.3	1.57	0.9	3.7
		Barnes, S.	20	0.3	1.57	0.9	3.7
Jan.	July	Barnes, S.	64	0.8	3.26	1.3	5.2
Nov.	May	Barnes, S.	68	0.9	3.26	1.3	5.2
May	Dec.	Barnes, S.	50	0.7	2.77	1.0	3.1
Jan.	July	Barnes, S.	50	0.7	2.77	1.0	3.1
Nov.	May	Barnes, S.	50	0.7	2.77	1.0	3.1
Jan.	July	Barnes, S.	50	0.7	2.77	1.0	3.1
Mar.	Sept.	Barnes, S.	61	0.8	3.26	1.3	5.2
Jan.	July	Barnes, S.	88	1.2	4.93	2.3	6.8

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INDUSTRIALS CONTINUED INSUR

Serving the world
with
financial expertise.

MILBANK TOWNSEND & DICKENS BANK

London, Tokyo, Japan

MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Lm %	Div %	Yld %	CVI (%)
Nov. Apr.	Falcon Rd S.S.	177	14	0.9%	1.3	4.3
" May	Central Afr. S.S.	181	10	1.0	1.4	4.5
" June	Rio de Oro S.S.	70	17	1.1	1.4	4.5
" July	Trompsburg S.S.	181	10	1.0	1.4	4.5
" Aug.	S.A. Rail Corp. S.S.	181	10	1.0	1.4	4.5
" Nov.	Wankie (P.R.O.) S.S.	177	14	0.9%	1.3	4.3
" Dec.	Zambesi P.R.O. S.S.	159	17	1.0	1.4	4.5

AUSTRALIAN

Nov. Apr.	Aresco S.S.	13	13	1.0%	1.4	3.6
" May	Seacarb No. 50 S.S.	138	13	1.0%	1.4	3.6
" June	B.H. South S.S.	113	17	1.1	1.4	3.6
" July	Central Afr. S.S.	181	10	1.0	1.4	4.5
" Aug.	Pacific Basin S.S.	300	13	1.0%	2.2	2.1
" Sept.	S.A. Rail Corp. S.S.	181	10	1.0	1.4	4.5
" Oct.	Hampden Areas S.S.	132	18	1.3	1.5	2.0
" Nov.	Normanville S.S.	222	12	0.9	1.7	2.5
" Dec.	M.L.M. Hill S.S.	21	31	1.2	1.4	3.6
" Jan.	North B. Hill S.S.	128	15	0.8	1.9	3.9
" Feb.	South B. Hill S.S.	152	15	0.8	1.9	3.9
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Food
machinery valuers

FINANCIAL TIMES

Monday August 21 1978

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Scrutiny of state agencies is sought

BY JOHN ELLIOTT,
INDUSTRIAL EDITOR

Far-reaching proposals for the National Enterprise Board to be told to open its books for Parliamentary scrutiny are expected to be made this week.

They will be contained in a report from the influential Commons Public Accounts Committee, which will propose that Parliament should have considerably increased influence over Government aid to industry and over new agencies such as the National Enterprise Board and the British National Oil Corporation.

The Board has strongly resisted the committee's ideas in the past. Its chairman, Sir Leslie Murphy, has said that a loss of commercial secrecy that would result from close Parliamentary scrutiny of its work would prevent it from operating effectively.

The committee's report will add to the political debate about the future of both the board and government industrial aid in general, which is likely to be made an issue by the Tories in the next general election campaign.

Reports

The committee's report, which is expected to be published on Thursday, will also cover various responsibilities of the Department of Industry, including the state aid given to British Leyland and Rolls-Royce.

This will be the eighth report from the committee, whose chairman is Mr. Edward Du Cane, the Conservative MP for Taunton.

This year, the committee is publishing its reports in separate sections — last week it reported on the Humber Bridge, public sector pensions, and duty-free whisky.

One of the most contentious points in this week's report will concern Sir Douglas Henley, the Comptroller and Auditor-General, who carries out investigations for the committee. It will propose that he should have direct access to the board's books.

He should also have more access to the British National Oil Corporation (BNOC), which is the responsibility of the Department of Energy.

At present he and the committee have direct access only to the permanent secretaries of the departments responsible. In the case of the board, this is Sir Peter Carey, of the Industry Department.

Mr. Du Cane and his colleagues believe that the creation of the Board and the Corporation in recent years provides an opportunity for Parliament to devise new methods of accountability for nationalised industries and other state-owned businesses.

They are expected to say this week that it is not sufficient for such businesses to report just to the Whitehall departments concerned. There should, instead, be direct scrutiny of their work by Parliament through its committee and the Comptroller-General.

Continued from Page 1

Dollar

of 41 per cent against the D-mark.

Some dealers feel that the recent sharp fall in the dollar has gone far enough for the time being. Even after a recovery towards the end of last week, the U.S. currency was still more than 8 per cent down against the Japanese yen over the last month.

Trading conditions were nervous on Friday as dealers were reluctant to commit themselves to new positions, given the possibility that the rally could be short-lived.

Central bank action has so far been limited to denouncing disorderly exchange market conditions, with only limited intervention to smooth out day-to-day fluctuations.

There is general agreement that it is pointless to try to halt market pressures but there are differences of emphasis between countries.

Japanese Ministers, for example, have hinted that if the U.S. changed its mind and became determined to help itself, then perhaps Japan could take some more effective action to stop the currency fluctuations. This could involve activating swap arrangements.

The West German Government has been keen to dampen down speculation about new inter-governmental efforts. The Bonn view is still that any strengthening of the U.S. currency can be related only to U.S. steps to cut its inflation rate and to reduce oil imports, as promised by President Carter at the economic summit in mid-July.

The British view is slightly different in that while officials in London share the concern about the size of the U.S. deficit, they lay more stress on reductions in the current account and on the current account surplus through expansionary moves by their government.

Thatcher campaigns as Callaghan rests

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER will today launch the Conservative campaign to the expected October election with visits to two of Labour's most marginal seats in Kent. The Prime Minister continues his holiday for a further week and remains tantalisingly silent about election timing.

The Conservatives—and most Labour MPs—remain convinced that Mr. Callaghan will choose either October 5 or 12, and plans are being completed for a hectic tour of key areas by the Tory leader before the election date is announced, probably in mid-September.

Conservative officials appeared unperturbed yesterday at hints from Mr. Merlyn Rees, Home Secretary, that the Government might introduce a Bill to regulate the contributions made by companies to political parties.

The move was regarded as the start of party political in-fighting after two weeks of holiday following the late rising of Parliament.

Mr. Rees, speaking in his Leeds South constituency on Saturday, urged "a thorough discussion in Parliament" of the contributions made to parties by commerce and industry. Trade union funding of

the Labour Party was fully accounted for, he said, but this was not the case with company contributions.

Those contributions merited full discussion, "and I suggest we should explore the possibility of a short Bill which would treat companies in the same way as trade unions."

Declared

Mr. Angus Maude, deputy chairman of the Conservative Party, commented that only about 15 per cent of Tory funds came from industrial companies. The remainder was volunteered from the pockets of individuals who wanted an end to Socialism.

Industrial companies which contribute to political parties have to declare the fact in their published accounts, so anyone can find out where the Conservatives' money comes from.

Mr. Maude, who attacked the Government's employment strategy, said that with an election coming Ministers would like to stop the truth being told. Mr. Rees was living in a fool's paradise if he thought he could achieve that end with a bill to control companies' political contributions.

Mrs. Thatcher's visits today are to the marginal constituencies of Rochester and Gravesend. Next week she tours constituencies in Scotland and the Borders, including that of Mr. David Steel, the Liberal leader, at Roxburgh. Selkirk and Peebles.

Mr. Callaghan's first big speech after completing his holiday at his Sussex farm will be to the TUC at Brighton on September 5, when he is expected to call for maximum trade union support, particularly on the wages front, to enable the Government to continue its counter-inflation strategy. The implication will be that such support will also enable Labour to retain power.

Soon after his visit to the TUC, Mr. Callaghan is expected to meet Mr. Steel, possibly to give his former ally in the Lib-Lab pact prior notice of the election date and to exchange views on the prospects that would follow another "hung" Parliament.

In his own journal today, Mr. Basnett, general secretary of the General and Municipal Workers' Union, says that every trade unionist must recognise that a vote for the Tories would be a vote to reverse the social advances of the last 30 years.

Tories will end equality says Basnett

BY ALAN PIKE,
LABOUR CORRESPONDENT

TRADE UNIONISTS are being told today that a vote for the Conservative Party would be a vote for "inequality, elitism, private affluence and public squalor."

The attack comes from Mr. David Basnett, the TUC chairman, in the latest sharply-worded exchange with Opposition leaders.

Mr. Basnett and other union leaders have provoked criticisms from Conservative leaders since they formed a Trade Union Committee for Labour Victory last month.

Replying to the Tories in his own journal today, Mr. Basnett, general secretary of the General and Municipal Workers' Union, says that every trade unionist must recognise that a vote for the Tories would be a vote to reverse the social advances of the last 30 years.

"They wish to squander the economic opportunity given us by the North Sea revenues not to go forward but to go back."

Conservative economic policy was based on cutting public spending and taxation, firm control of the money supply and ending price controls.

Poor hit

These items did not add up to a tenable overall economic strategy but even pursuing them to a limited degree would fall very heavily on the poorer sections of the community.

In the TUC annual report published today, Mr. Basnett and his colleagues on the general council give an account of their meeting with the Prime Minister last month before the Government announced its 5 per cent pay guideline for the coming year.

Mr. Callaghan, says the report, agreed with the union leaders that the Government was "preoccupied with levels of pay" but said that this was because levels of expectation had been too high in the past.

The Prime Minister said that there would be no attempt to introduce pay legislation and the only weapons in the Government's armoury were persuasion and public opinion.

Weather

UK TODAY

SOME RAIN IN N. DRIZZLE ON W coast, dry elsewhere.

London, SE England

Mostly dry. Sunny periods.

Max. 23C (73F).

E Anglia, E. Cent. S England,

Midlands, Channel Isles

Mostly dry. Sunny periods.

Max. 21C (70F).

SW England, Wales

Some coast and hill drizzle.

Sunny intervals. Max. 18-20C

(64-68F).

NW, NE, Cent. N England, Isle

of Man, Borders, Edinburgh,

Dundee, Glasgow, SW Scotland,

Dumfries, N Ireland

Cloudy. Outbreaks of rain.

Max. 18-19C (64-66F).

Aberdeen, Moray Firth, High-

lands, NE, NW Scotland, Argyll

Sunny intervals. Showers

locally, perhaps with thunder.

Max. 16-18C (61-64F).

Orkney, Shetland

Showers locally, perhaps heavy

with thunder. Max. 14C (57F).

Mostly dry. Warm at first

sun intervals. Warm at first

in SE.

BUSINESS CENTRES

Yrday Yrday Yrday

Amsterdam F 24 77 London S 24 77

Algeria S 24 77 Madrid S 24 77

Bahran S 24 77 Manchester F 17 67

Batavia S 24 77 Melbourne S 24 77

Bombay S 24 77 New York S 24 77

Ignore toolroom strike, union urges BL workers

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION OFFICIALS this morning urged employees at BL's SU Fuel Systems components factory, Birmingham, to make efforts to keep production going in spite of an unofficial strike by 32 toolroom workers.

The three-week strike has reached the point of serious contention between the Birmingham-based Union of Engineering Workers and the rebel members in the toolrooms of BL, formerly British Leyland.

Later today, several hundred BL toolroom workers in the Birmingham area are being called to a meeting at which union officials will assure them that every effort is being made to resolve pay parity problems in the company.

The 32 SU strikers, who are demanding parity with other BL toolrooms in Birmingham, see the meeting as the start of a campaign by BL toolroom workers to achieve separate bargaining arrangements.

Leaders of the unofficial Leyland toolroom committee, which

organised last year's highly damaging strike in the company, are collecting contributions in support of the men.

None of the strikers obeyed an instruction to attend a meeting of the engineering union's East Birmingham district committee at the weekend and explain why they had not responded to a union call to return to work.

The committee retaliated by imposing £9 fines on all except two men who apologised for their absence. It is asking the union executive to withdraw district committee membership from the strike leader, Mr. George Regan.

In another move, clearly aimed at the leaders of the unofficial toolroom group, the district committee is asking the executive to investigate statements made about the strike by members who are not involved.

Mr. Ken Cure, East Birmingham district secretary, who will address the other SU workers this morning, said yesterday that the committee believed the action of the toolmakers could jeopardise

moves towards pay rationalisation in BL "for themselves and other workers."

"The mass meeting of all toolmakers in the district is being called to ensure that they know the full facts of the issue."

A further 1,000 workers at the radiator plant at Llanelli, South Wales, have been sent home because of an unofficial strike by 100 key production workers.

This brings the total number of lay-offs at the factory to 1,350 since the stoppage started last Wednesday, when the plant was closed entirely by mid-week.

Management and union representatives meet today in an attempt to solve the dispute, which involves production workers in a claim for pay parity with craft unions within Leyland.

It is feared that the strike could affect other BL plants. The Llanelli factory is a chief supplier of components to the country.

Greek economic growth likely despite inflation problems

BY DAVID TONGE

ECONOMIC growth in Greece is expected to accelerate to 4.5 per cent in 1978, 1 per cent higher than last year, according to the latest OECD annual economic survey on the country.

However, the survey, released in Paris yesterday, says that the economy faces several disturbing problems: "Exports and manufacturing investment seem likely to remain weak, the current external deficit is expected to widen and inflationary pressures could strengthen."

In the 12 months to March, the consumer price index rose by 13.4 per cent. The survey says that unlike most other OECD countries, Greece in the last three years has made little progress in combating inflation. It says inflationary pressures might also be stronger than the consumer price figures suggested.

The survey comes just after the release in Athens of a report by the Institute of Economic and Industrial Studies, which also emphasises the problems facing the economy.

This report says that manufacturing investment in the first six months of the year has been only a little above the (scarcely satisfactory) levels of the second half of last year.

For the rest of the year, it forecasts a small increase in investment. Like the OECD, it stresses the problems of exports.

The OECD survey estimates that labour costs have been the main factor contributing to consumer price increases. However, it describes how this year's budget initially included a deficit

close to 61 per cent of GDP and says that there has also been a considerable monetary impulse to inflation.

Instead of covering the budget deficit on the domestic market by issuing bonds, the Government has, to some extent, against International Monetary Fund advice, raised medium-term loans abroad through the Bank of Greece.

The Government has, in fact, just announced a Bill aimed at reducing evasion, though it has been criticised as inadequate by the opposition.

Turning to medium-term issues, the OECD report says that per capita incomes in Greece have increased from 39 per cent of the OECD European average in 1955 to 53 per cent last year.

However, the structural adjustments essential for the rapid expansion of exports have been relatively slow and "industrial capacity in Greece has not expanded at a rate normally expected in a developing country."

Comparing Greece with Portugal, Spain and Yugoslavia it says that, for manufacturing exports, the comparisons are adverse and exports consist largely of processed raw materials and light manufactures.

Expansion in the more technologically-advanced products has been slow, with Greek exports per head of population between one-third and one-half the level in the other southern European industrialising countries.

Greece, to finance its public works budget. In June, it also introduced a package of measures to reduce the budget deficit to about 6 per cent of GDP.

Present public expenditure is somewhat inflexible, meaning that the public investment budget is the main target of the measures.

How much of the cut will be achieved through reductions in activity and how much through

delaying payments for present work to the next financial year remains to be seen.

The OECD forecasts that public sector investment will stagnate or, at best, rise slightly from the low level of last year.

The OECD repeats its regular annual criticism of the high share of indirect taxation and low level of direct taxation in Greece and emphasises the importance of tax evasion in the country.

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Continued from Page 1

Record number ships idle

The General Council says that 27 bulk carriers totalling 125m dwt were sold in the first half of the year and most of the major British owners have been involved.

Canard has just sold off its entire Canard-Brockbank Bulk fleet of six bulk carriers and P & O and Ocean Transport and Trading have sold relatively modern as well as many older ships.

Ironically, shipowners say that Government policy is forcing an even more rapid sale of ships. It has become clear that one of the main terms on which the Government agreed to back a three-year moratorium on the debts of Bibby Line last week was the sale of a number of its ships.

Some shipowners feel strongly that the Government rescue plan, announced by Mr.

Edmond Dell, the Trade Secretary, in May should be aimed at preventing sales of modern vessels at distress prices. Most buyers for Hong Kong and China.

Other tramp shipowners know they are talking to the Government about their debt problems are Turnbull Scott and London and Overseas Freighters.

THE LEX COLUMN

The smoke signals from chemicals

Much to the puzzlement of some economists a growing number of international companies are reporting surprisingly good second quarter profits. Observers appear to be marginally more optimistic about the growth of world trade in the second half of the year, but judging by the latest economic indicators nothing really fundamental seems to have changed.

The volume of world trade, which grew by 4 per cent last year, is expected to grow by much the same this year and next (roughly half the average rate of the previous decade), nevertheless.

Nevertheless, an increasing number of companies are sounding a bit more cheerful about their prospects. Last week, such disparate companies as Akzo, Unilever, Hoechst and Royal Dutch/Shell noted that either business or profits seemed to be picking up faster than expected.

Meanwhile, U.S. company profits in the second quarter were 17 per cent up on the previous three months and a number of companies in basic industries like steel, aluminium, chemicals and wood pulp have reported sizeable increases in money output. The question is, has the corporate sector (and world stock markets) spotted something that the economists have missed?

Although the problems of chronic overcapacity and pricing in the European fibres industries are still far from over, companies are no longer losing such large amounts of money. Akzo, in particular, seems to have got to grips with its fibre losses which amounted to roughly \$270m over the past three years. In the second quarter its fibres operation made a \$112m profit—the first for a long time.

Aside from fibres, the European chemical companies seem to have been experiencing a pickup in activity in the second quarter. Shell has reported that its petrochemical sales volume improved somewhat during the period and although Hoechst reported a 13 per cent drop in first half profits, second quarter sales rose by 11 per cent.

Of all the European chemical companies the Germans have probably suffered the most. Apart from depressed demand and weak prices, they have been hit by the appreciation of the deutchmark. Last year, the economic growth rates, seems to be recovering from its setback at the end of last year.

The second quarter results from the U.S. chemical majors industry grew by around 0.5 per cent.

Given that German chemical output used to grow at roughly twice the pace of domestic economic expansion this was quite a setback. Still, it looks as if this year output will at least match German economic growth (say 2½ per cent).

Against this background, analysts have been quietly revising their estimates for ICI in just under three weeks' time. They should be in the region of £130m-£140m. However, too much should not be read into the recent upturn in the world chemical industry.

ICI will do well to do much more than match its 1977 profits in the current year, and they may well mark time next year.

There have been false dawns for the chemical industry before and until the underlying economic statistics show that the pace of economic growth is materially faster than originally forecast, it is hard to be overly optimistic. There also seems no reason to believe that chemical companies are going materially to out-perform the world economy in the coming months.

The corset

Ever since 1971 the fact that the banks can create or destroy reserve assets by juggling their loans to discount houses has been a curiosity of the UK banking system. But now the corset is causing problems.

An exhaustive analysis in W. Greenwell's latest Monetary Bulletin comes to the conclusion that recent big rises in eligible liabilities have largely reflected a shortage of reserve assets rather than window-dressing.

Only if reserve assets become more plentiful will the banks be able to shift their positions with the discount houses in a way which will reduce their interest-bearing eligible liabilities and thus ease their position relative to the corset.

The Bank of England, in attempting to control this highly complex system by operating on the total of reserve assets, is—according to the brokers—having to make some extraordinarily fine judgments.

This announcement appears on a matter of record only.

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